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ABSTRACT

This is a transcript which documents 1980 hearings of the House of Representatives Committee on the District of Columbia. The transcript compares past and present conditions in Washington, D.C. and other American cities; surveys how Federal assistance has helped or hindered the ability of cities to confront urban problems; and explores how Federal government resources can best aid cities. Washington, D.C. receives the most attention (it is called a "prototype of America's major urban central cities"). Other urban centers considered in relative depth are Atlanta, Miami, Watts, and Detroit. The 35 witnesses whose testimony is presented came from universities, research centers, community programs, and government. Special material is presented from newspapers, the U.S. General Accounting Office, the District of Columbia police department and school system, the Congressional Research Service, the National Community Action Agency, the National Urban League, the National Urban coalition, the U.S. Commission on Civil Rights, and academic research. The many different areas considered include affirmative action, civil rights, and equal opportunity; urban economics and finance; Federal support, and grants-in-aid; taxation; equal employment, manpower, and training; crime, safety, and the police-community relationship; families and housing; education; poverty; racism; senior citizens and youth; population movements, migration, and refugees; and urban development and policy. (KH)

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PROBLEMS IN URBAN CENTERS

OVERSIGHT HEARINGS

BEFORE THE

COMMITTEE ON
THE DISTRICT OF COLUMBIA
HOUSE OF REPRESENTATIVES

NINETY-SIXTH CONGRESS

SECOND SESSION

ON

PROBLEMS IN URBAN CENTERS, WASHINGTON, D.C.,
AND THE FEDERAL GOVERNMENT ROLE

JUNE 25, 26, 27, JULY 23, 24, 30 AND SEPTEMBER 30, 1980

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PROBLEMS IN URBAN CENTERS—WASHINGTON, D.C., AND THE FEDERAL GOVERNMENT ROLE

WEDNESDAY, JUNE 25, 1980

House of Representatives,
Committee on the District of Columbia,
Washington, D.C.

The committee met, pursuant to notice, at 10:20 a.m., in room 1310, Longworth House Office Building, Hon. Ronald V. Dellums (chairman of the committee) presiding.

Members present: Representatives Dellums, Leland, and Fenwick.

Also present: Donn G. Davis and Dietra L. Gerald, staff assistants; Dale MacIver, staff counsel; Harry M. Singleton, minority chief counsel; and Hugh Van A. Starkey, minority research analyst.

The Chairman. The committee will come to order.

The Chair would like to first indicate that due to the fact that we are beginning these hearings a few minutes late, I will suspend with the reading of my entire opening statement, although for those who wish a copy of it, you may obtain that at the desk.

In lieu of a lengthy opening statement, the Chair would simply like to state as succinctly as possible the purpose of these hearings. Washington, D.C., the Nation's Capital, is a city that, aside from its unique relationship to and experience with the Federal Government, is in nearly every other respect a prototype of America's major urban central cities. It is affected by the same socioeconomic problems that trouble other major American cities. Recent events indicate some of the most serious of these urban problems are rapidly worsening.

The purpose of these hearings is to compare past and present conditions in Washington, D.C. and other American cities, to survey how Federal assistance has helped or hindered the ability of cities to address urban problems, and to explore with national authorities on cities how the resources of the Federal Government can best aid cities with their problems.

Today's witnesses are particularly well-placed observers of the problems of urban centers. The witnesses include Dr. Arthur Flemming, former Secretary of Health, Education, and Welfare, and adviser to numerous Presidents and national commissions. Dr. Flemming is presently Chairman of the U.S. Commission on Civil Rights, a commission established by the Congress in 1957, which reports regularly to the President and the Congress on its assessment of the status of civil rights.

On behalf of myself and members of the committee, the Chair would like to welcome you, Doctor, before these proceedings, and you may proceed in any fashion you choose.

[Mr. Dellums' complete opening statement, together with that of Mr. McKinney, follows:]

Opening Statement of Ronald V. Dellums, Chairman

I would first of all like to thank the members of the Committee and the witnesses for the tolerance and understanding that you have shown in responding to later than usual notice regarding these hearings on Urban Centers, Washington, D.C., and the Federal Role. This is, of course, a rather large and extremely significant undertaking; one which we would ordinarily like to plan over a much longer period of time, but your response has left me reassured that there is general agreement on the urgent need to take a serious look at the unchecked and debilitating progression of a number of problems that are rending the urban nucleus of our society and imperiling our future survival. I am speaking of course of what some observers have described in general terms as the urban crisis, but our concerns here are much more particular. Specifically, I am hopeful that we can focus our attention on a number of special problems with a view toward comparing their character and dimensions here in the nation's capital with the same in other American cities. Quite naturally, we hope that, in addition to further enlightenment and new perspectives on these problems that we will better conceive their solutions and have rekindled the will to bring about their eradication.

All the evidence available to us suggests that this will come about only as a result of a well-conceived and well-coordinated joint effort involving national, State and local governments. Hardly any major city in America has sufficient resources to independely solve the worst of its problems. It is therefore evident that any serious attempt to solve major urban problems—be they in Washington, D.C., or elsewhere—effective measures and meaningful results cannot be expected unless the federal government takes the problems of America's cities as being what they are: national, and therefore of as much concern to the federal government as the localities in which they thrive.

LOCAL URBAN PROBLEMS

For well over a decade now, since the middle 1960's when the late President Lyndon Johnson declared a War on Poverty in America, the federal government, with measured reluctance, has made one half-hearted attempt after another to aid in the solution of local urban problems. I say this in the manner that I do because there is no need to try to avoid or discount the widespread belief of many people that federal aid to our cities is not only inadequate and often misguided, but also designed to achieve something less than full success. Whether this is the case or not, one thing is certain, and that is the fact that a frightening malestrom of problems have continued to ravish the cities of America, and the difference (where there is any) in the manner in which they are affected may be measurable only in the smallest degrees. The litany of American urban problems is as recognizable as our flag:

YOUTH UNEMPLOYMENT

Outrageously high unemployment exists among the nation's minority youths. The national average surpassed 30 percent in 1971 and continued to climb and now hovers near 50 percent. In some cities, such as Washington, D.C. and Detroit, Michigan, this figure has reached the appalling level of 60 percent. (This, of course, is not only a national disgrace, but it is certain to dim the hopes of an entire generation of youths and consign them to lives marked by pits of despair and anguish.)

HOUSING

We have failed miserably in most cities to provide citizens with enough decent, affordable housing. The huge chunk of our population who were not fortunate enough to be able to purchase homes some years ago now see that part of the American dream fading into a cruel mirage. In fact, with the recent onslaught of condominium conversions, many of our people are now just as wistful over the prospect of being able to occupy an affordable apartment as they are over the possibility of owning a home.

Taking further toll on those who are least prepared to defend themselves, is the ongoing movement of urban pioneering, the movement of the more affluent back to our cities and the subsequent displacement of those with less economic wherewithal.

LAW ENFORCEMENT

Certainly not the lesser of our major urban problems is the constant friction between some urban dwellers and those who police urban communities. On nearly every occasion where violence has erupted, the most immediate cause has usually been some incident where citizens questioned a police tactic which they deemed abusive or violative of their rights or physical being. This has produced a nerve racking economy of violence which forever threatens to ignite the powder keg that we have allowed our cities to become.

Our schools are in trouble and children all over the country suffer as a result. I could go on, because many more of our problems are just as evident, but I shall pause here and open these hearings with the expressed hope that some of the observations made and things said here will start us in the direction of first recognizing more clearly the nature of our urban problems, what must be done, and then hastily toward the making of policies and decisions that will hopefully solve the many problems we face.

Today's witnesses are particularly well-placed observers of the problems of urban centers. The witnesses include Dr. Arthur Flemming, former Secretary of HEW and advisor to numerous Presidents and national commissions. Dr. Flemming is Chairman of the U.S. Commission on Civil Rights. The Commission was established by Congress in 1957 and reports regularly to the President and the Congress on its assessment of the status of civil rights.

The second witness is Dr. Marvin Dunn, Associate Vice President of University Outreach and Service at Florida International University in Miami, Florida. Dr. Dunn has studied and written about the Black community in Dade County, Florida and has directed several federally funded programs related to racial and ethnic minorities in the Miami area. Dr. Dunn has several observations and insights about the national implications of the Miami experience that we want him to share with the Committee.

Do any of my colleagues wish to make a statement at this time?

Opening Statement of Hon. Stewart B. McKinney

Mr. Chairman: There is a popular line of thought which often pervades government thinking that if you ignore a problem long enough, then perhaps it will go away. The are many people in this room who feel that we in the Congress have not given all due attention to the problems of the cities and that any failures of accomplishment in this field represent a planned policy of neglect. Let me assure you, nothing could be further from the truth.

As an active member of the Subcommittee on the Cities, the Subcommittee on Housing and Community Development, and the Economic Stabilization Subcommittee of the Committee on Banking, Finance and Urban Affairs, I have probably sat through as many hours of testimony on the problems of the cities as anyone here in this room. However, one does not have to be an expert on the cities to realize that our urban problems are constantly recurring because the answers to these problems are not clearly defined. It is my understanding that we are convening this series of hearings, not necessarily to produce those evasive answers, but rather to re-focus the attention the Congress, as well as the American people, on the plight of America's cities.

While Congress has a long history of responding to urban problems with funds for Housing, transportation, educations, employment, and myriad other problems, you might say that the current philosophy of dealing with the urban crisis stems from the Watts riots in 1965. Fifteen years later, following a considerable investment of federal dollars we find ourselves witnessing the Miami riots of 1980. These recent riots mirror the same frustrations, the same anger the same economic deprevation festering in our inner cities which triggered the outbursts of the sixties. Thus, the question we must ask ourselves is whether it has all been in vain.

The answers we seek in the coming days will probably turn out to be as evasive as those we have sought in the past fifteen years. This stems from the fact that while we tackle the problems of the cities as a singular issue, we cannot escape the fact that all cities ae not identical. Certainly, Washington, D.C.; Bridgeport, Connecticut; and Oakland, California share common problems. However, try as we might, is it possible for us sitting here on Capitol Hill to come up with a singular housing prescription which is a cure-all for each of these citie's ills. I hope that you will agree with me that the answer is no. It has taken us a number of years, but I do think that the federal government has finally realized that Uncle Sam stands powerless in applying our loosely written national policies unless those policies are readily converted into action by strong, effecive and most importantly, healthy local government.

I pride myself in being a strong advocate of the cities. I happen to represent Bridgeport, Connecticut the largest city in my home state. Because of the proximity of my district to the City of New York I can safely say that the well-being of my Congressional District is directly tied to the continued well-being and fiscal integrity of the City of New York. As the Ranking Minority Member of the Economic Stabilization Subcommittee of the House Committee on Banking, Finance and Urban Affairs, I had the opportunity to obtain an intensive education and understanding of the state of the American city when we dealth with the issue of federal loan guarantees to New York in 1977-78.

We learned quite a bit from the New York experience. However in recent months we have seen that New York is not alone in facing a future of fiscal uncertainty. Already, Cleveland Ohio and Newark, New Jersey have been added to that list, and we should perhaps face up to the fact that with out some radical changes here in the nation's capital, Washington, D.C. is an active candidate to join their company sometime in the near future. With the New York and Washington experiences in mind, perhaps a portion of the focus of these hearings should be the local governments themselves and their roles as the foundations upon which federal policy must be built.

Mr. Chairman, the list of witnesses which you have gathered to discuss these issues is impressive. I will be interested in listening to, reading, and reviewing their comments as these hearings progress. A knowledgeable as many of us think we already are on this issue, we cannot help but be served by exposure to new ideas, and sharing new thoughts.

STATEMENT OF DR. ARTHUR S. FLEMMING, CHAIRMAN, U.S. COMMISSION ON CIVIL RIGHTS, ACCOMPANIED BY LOUIS NUNEZ, STAFF DIRECTOR, AND LUCY EDWARDS, HEAD, CONGRESSIONAL LIAISON OFFICE

Dr. **Flemming**. Mr. Chairman, members of the committee, may I express our deep pleasure for the opportunity of appearing before the committee to discuss this very important issue.

I am accompanied today by Mr. Louis Nunez, who is the Staff Director of the Commission, and Ms. Lucy Edwards, the head of our Congressional Liaison Office.

The **Chairman**. We would like to welcome both of your colleagues.

DIALOG OF RECONCILIATION

Dr. **Flemming**. A story in the Washington Star from Miami, Fla., written by Kenneth R. Walker, reads as follows:

> Following the restoration of an uncertain peace in this racially tripartite and troubled city, political, business and community leaders have begun a dialogue of reconciliation.
>
> Although reluctant to volunteer the sentiment, most white, Latin and black figures concede that it took the most violent American race riot in over a decade to launch attempts at solving long-festering grievances. "We all just sat on our middle-class complacencies and hoped the problems would go away," Mayor Maurice Ferre said in an interview.

In Boston, it took a shooting of a black high school player during a football game to launch a city-wide covenant of racial justice, equality and harmony.

Will the "dialogue of reconciliation" in Miami and the "covenant of racial justice, equality and harmony" in Boston result in progress in the areas of equal employment, fair housing, equality of education and the administration of justice in those two cities?

Our experiences during the past 20 years with similar reactions to similar events lead to two conclusions:

1. There will be temporary, sporadic improvement.
2. In a very short period of time complacency will set in and grievances will continue to fester.

In community after community we have failed to use the capacity that we have to achieve community goals in such a manner as to move forward in a consistent and significant manner in the field of civil rights.

Jon Nordheimer, in an article in the New York Times written from Miami, identified the basic issue when he wrote:

> When it comes to putting on a spectacular New Year's Day football game and parade, the civic leadership in Miami is a juggernaut of talent, efficiency and community-wide pride. The Orange Bowl Committee, with direct links to every power base in Dade County, with 1.6 million citizens of every racial and regional origin, works throughout the year to project the glamorous Miami image around the world on one day.
>
> But when the city erupted in racial violence last weekend, many Miamians said the area's leadership was as hard to find as a pair of seats on the 50-yard line in the Orange Bowl on New Year's afternoon.
>
> There were police chiefs and National Guard commanders in evidence, and silver editorials in the local newspapers, but the leadership never emerged in significant ways from the board rooms and luncheon clubs where the city's major initiatives are taken.

This story is just one illustration of many that could be provided of our failure to take seriously the finding of the National Advisory Committee on Civil Disorders in 1968 that:

> Only if all the institutions of the community—those outside of government as well as those inside the structure—are implicated in the problems of the ghetto, can the alienation and distrust of disadvantaged citizens be overcome.

NEED FOR COMMUNITY AFFIRMATIVE ACTION PROGRAMS

In community after community, private and public leaders must develop and implement community-wide affirmative action programs designed to reach civil rights goals in the areas of employment, housing, education, and the administration of justice.

In each one of these areas these leaders need to set goals and timetables for achieving the goals. In each one of these areas they need to develop community-wide action programs that, if implemented effectively, will make it possible to achieve the goals that have been set. These action programs must spell out the duties and responsibilities that must be discharged by Federal, State, and local public agencies, and that must be accepted by both institutions and individuals within the private sector.

These community-wide affirmative action programs should be developed with a sense of urgency—a sense of urgency growing out of a realization that the only way in which to replace alienation, distrust, and despair with hope in the lives of those who have been and are the victims of discrimination is to substitute action for rhetoric.

CIVIL RIGHTS GOALS

In community after community we have not given a top priority to the achievement of civil rights goals. As a result, our Nation is confronted with a serious lack of progress in achieving the overall goal of equality of opportunity.

Two years ago, for example, our Commission released a study entitled, "Social Indicators of Equality for Minorities and Women." In transmitting the report to the President and to the Congress, we said:

> The "social indicators of equality" presented in this report directly compare the level of well being of the minority and female population to that of the majority male population, and, thus, assess the nation's progress toward achieving equality.

Our findings and recommendations regarding levels of equality are based on measures in the areas of education, occupation, employment, income, poverty, and housing developed from State Public Use Samples Tapes of the 1960 and 1970 census and from the 1976 Survey of Income and Education Public Use Sample Tapes. Our findings show that for every indicator reported here, women and minority men have a long way to go to reach equality with majority men, and, in many instances, are relatively further from equality in 1976 than they were in 1960.

Following the riot in Miami there have been a number of articles written relative to the current state of civil rights in some of our metropolitan areas. These articles all reach the same conclusion, namely, that the "alienation and distrust of disadvantaged citizens" identified by the National Advisory Committee on Civil Disorders in 1968 continues to be the rule rather than the exception.

EQUAL EMPLOYMENT

Take the area of equal employment. Our Commission, in our 1979 annual report, said:

> The employment status of minorities and women has long lagged significantly behind that of white men. As shown in the Commission's 1978 report "Social Indicators of Equality for Minorities and Women" the disparities in the unemployment rates of minorities and women and of white males increased between 1970 and 1976. According to recent statistics, these disparities continue to prevail in 1979.

Private and public leaders in the communities of the Nation should be concerned and alarmed by these continuing disparities. They have persisted during a period when, except for the past few months, the total number of jobs has been increasing. They are the single most important reason for festering grievances and mounting frustrations.

Private and public leaders for a community can ascertain what the disparity is in the unemployment rates of minorities and women and of white males in their particular community. They can set a goal for narrowing that disparity over a specified period of time.

Then an action program can be developed designed to harness all of the resources of the community in order to achieve the goal. The action program can include pressuring the Federal Government to allocate resources for job training and new job opportunities. It can include support for a vigorous enforcement of equal opportunity laws.

It can also include plans for a communitywide drive designed to persuade both public and private employers to voluntarily develop and implement affirmative action plans for their organizations. It can also include, for example, a pooling of resources with the end in view of helping small business concerns to participate in affirmative action plans.

Every effort can and should be made to rally public support for the plan. Those who successfully discharge their duties and responsibilities should be recognized. Those who do not, should have attention called to their failures.

Community pride has been appealed to time and again in the history of our Nation in the interest of achieving what leaders in the life of the community have regarded as important goals.

We have the capacity to develop and implement communitywide affirmative action goals in the area of equal employment. The question is: Do public and private leaders in the community have the commitment to human rights which will result in their concluding that this is one important goal for their community? If they do not, we are sitting on kegs of dynamite.

Communitywide affirmative action programs in the area of equal employment are not being proposed as a substitute for vigorous Federal action.

There must be effective enforcement of Federal equal employment opportunity laws. We have been moving in the right direction. Additional resources are required.

Communities must know what they can count on in the way of Federal resources for job training, job placement, and job opportunities. The Federal Government must set high long-term goals for assistance in these areas and then stay with them. In making hard decisions on Federal appropriations these are areas which should be close to the top of the Nation's list of priorities. We do not believe that an adequate commitment of resources has been made.

Once again, however, we want to underline our conviction that the Federal Government cannot do the job by itself. No matter what it does in the area of equal employment opportunity laws and the enforcement of those laws, and no matter what it does in the area of providing resources for job training, job placement and new job opportunities, we will not achieve equal employment opportunity goals—we will not eradicate alienation and distrust—unless community leaders decide that they are going to marshal all available resources within their community in order to deal with the serious disparity between the unemployment rates of minorities and women and white males.

Similar approaches can and should be taken in the area of housing and education.

ADMINISTRATION OF JUSTICE

We all recognize, however, that one area to which both public and private leaders in a community must give constant attention is the area of administration of justice. Experience has taught us that if there is any denial of civil rights in this area, it can become the straw that breaks the camel's back and can lead to some form of violent action.

Here again this is an area where public and private leaders of the community should set goals. Likewise, they should agree on action plans designed to reach the goals.

POLICE-COMMUNITY RELATIONS

The area of police-community relations is one which the Commission has studied for many years. In addition to many reports prepared by our State advisory committees, we have heard the views of experts in the field at our 1978 Consultation on Police Practices and the Preservation of Civil Rights, and have conducted subsequent field studies and public hearings on police practices in Philadelphia, Pa., and Houston, Tex.

Based on this experience, the Commission believes that communitywide goals should be set relative to those police practices that most directly affect public trust and confidence. Recruitments efforts should be directed at the minority community, and hiring standards set in a way that will fairly assess applicants from all segments of the community, so that those hired will not only be well qualified but will reflect the racial and ethnic spectrum served by the police force.

Community leaders should insist that officers are trained in service, sensitivity, and protection of civil rights as well as in the detection of crime and the apprehension of criminals. Perhaps most important of all, a process for the receipt of citizen complaints and the investigation and discipline of alleged police misconduct must be established that is, in fact and in appearance, fair and responsive to legitimate citizen concerns.

If communitywide goals were set in these areas and communitywide support developed for action programs designed to achieve the goals, real progress would be made in the direction of assuring that the police are perceived as the allies rather than the enemies of the community as a whole.

ROLE OF FEDERAL GOVERNMENT

The Federal Government can and should provide support to community leaders who adopt such community action plans with regard to the administration of justice. It can furnish this support by LEAA financial assistance for the training and direction of police officers, and by the aggressive investigation and prosecution of law enforcement officers who violate the civil rights of citizens.

It can also assist troubled communities in resolving racial and ethnic disputes through the mediation and conciliation skills of the Community Relations Service. This backup assistance can be very effective, but it will always be secondary to what the informed and concerned leaders of a community can accomplish through a well-thought-out and vigorously implemented community action plan.

HUMAN RIGHTS

The longer I work in this area, the more I am inclined to emphasize human rights as contrasted with civil rights. Too often in our discussions and actions on civil rights issues, in and out of Government, we seem to lose sight of the fact that we are dealing with the dreams, the hopes, the aspirations of people.

How else can we explain the fact that Congress continues to attach antibusing amendments to appropriations bills in the field of education and by so doing deliberately denies equal educational opportunities to some minority children?

How else can we explain riders to the Treasury Department appropriations bill which force the Commissioner of Internal Revenue to grant tax-exempt status to schools that are designed to undermine the Nation's commitment to a policy of desegregation in the field of education—a policy which grows out of a recognition of the fact that "segregation is inherently unequal."

How else can we explain the well-organized opposition to the current efforts to amend the fair housing law in such a manner as to put teeth into its enforcement provisions?

How else do we explain the failure of public and private leaders in our communities to even include, let alone putting at the top of their list of priorities, the development and implementation of action programs designed to move their communities forward in areas such as equal employment, fair housing, desegregation of educational programs, and the administration of justice?

The motto that was picked for the Department of Health, Education, and Welfare in 1953 was "Hope, the Anchor of Life."

That motto could become a reality in the life of any community where the public and private leaders decided to set goals for progress in the areas of equal employment, fair housing, desegregation of educational programs, and administration of justice and then decided to dedicate the resources of the community including those made available by the Federal Government, to achieve those goals. In this way and only in this way can we substitute hope for the "alienation and distrust of disadvantaged citizens" which was widespread in 1968 and is still widespread today.

Thank you very much, Mr. Chairman.

The CHAIRMAN. Dr. Flemming, I would like to thank you very much for an outstanding opening statement, and prior to going to questions, the Chair would first like to request unanimous consent that the ranking minority member of the committee, Mr. McKinney, have his opening statement placed in the record immediately following the statement by the Chair.

[The statement appears on p. 3.]

The CHAIRMAN. Dr. Flemming, you say, on page 6 of your testimony, that "once again, however, we want to underline our conviction that the Federal Government cannot do the job by itself."

I would tend to agree with you, but against the backdrop of that statement I would like to ask you the following two questions.

FEDERAL RESOURCES REQUIRED

Where do you perceive Federal resources to be needed at the national level to help Federal agencies carry out their responsibilities? Even though we can agree that the Federal Government may not be able to do the job all by itself, where do you see the resources of the Federal Government going to enhance our capacity?

Dr. FLEMMING. As I indicated in my opening statement, first of all, we believe that the Federal Government can well afford to invest additional resources in the enforcement of equal employment opportunity laws. There isn't any question in our minds at all but that if we are going to make progress in that particular area, there has to be vigorous enforcement of the equal employment opportunity laws. That is the only way we are going to get the attention of some of the community leaders to which I have referred.

Also, there isn't any doubt in our mind but that the Federal Government can and should make additional resources available in the area of job training, job placements and providing new job opportunities. We are concerned about the fact that that whole area is not being treated in such a way as to convey to the country the fact that it has a top priority as far as the Federal Government is concerned.

The President did submit a program which, as I recall it, called initially, in his budget for around $2,200 million for a program of both training and creating job opportunities designed to deal with this situation. His revised budget reduced that by $100 million or so. If I understand the situation correctly, however, the budget resolution that has been agreed upon by the House and the Senate, is considerably under the figure that was even included in the President's revised budget. That sends the wrong signal in this particular area.

Also, in the area of the administration of justice, I am very concerned about the fact that apparently the trend seems to be in the direction of phasing out the Law Enforcement Assistance Administration. I appreciate the fact that that has been a controversial program, and I appreciate the fact that undoubtedly at times the program has not been handled as effectively as it might be, but nevertheless it is a program under which the Federal Government has been providing some resources particularly to communities that have been interested in introducing into their communities more effective training programs and more effective recruiting programs designed to strengthen the whole law enforcement area.

Also, we feel that there has always been a tendency to treat the community relation service of the Department of Justice as a stepchild, and we feel that they, by and large, have had a good record, and that they should have additional resources.

While I am focusing on the Department of Justice, we likewise have the feeling that there should be additional resources made available to the Office of Civil Rights under the direction of Assistant Attorney General Drew Days. There seems to be a tendency to put more and more responsibility on that office in terms of initiating cases, whether it is in the housing field or in the field of education, and yet you take a look at their resources, and you know that they can't possibly keep up with that load.

So in all of those areas, it seems to me that we have to keep the pressure on for additional resources. As we see it, this isn't an either/or proposition; it is both/and, I have emphasized the importance, however, of when the resources are available, if they are going to be used in such a way as to achieve these objectives, then the ball has to be picked up by some leaders at the community level, public and private. To put it another way, the establishment within the community has to say this is our top priority, and we are going to get back of it and see to it that something is done.

And as we see it, relying on reports from our State advisory committees, and other sources, that isn't happening in this country at the present time, and that is what we are concerned about.

The CHAIRMAN. Doctor, I appreciate your response, and let me follow. We presently find ourselves in an atmosphere of balanced budget, inflation fighting, and I would daresay that the raison d'etre of this particular Congress is to balance the budget and not to solve the human problems of this country.

Now, given the fact that our effort to fight inflation has traded off millions of unemployed people for some insignificant drop in the inflation rate, I would like for you to comment on what you perceive to be the future for this country if we continue to go down this road of fighting inflation against a backdrop of ever-increasing and mounting unemployment.

UNEMPLOYMENT OF MINORITIES

Dr. **FLEMMING**. Mr. Chairman, there is no question in my mind at all but that it is absolutely essential for us to develop positive, aggressive programs designed to increase and to open up new job opportunities. Otherwise, these feelings of frustration are going to continue.

Having said that, I would again like to emphasize the point that I tried to emphasize in my testimony: We have gone through a period in our history where the unemployment rate has been too high. There isn't any question about that. But, as you and I both appreciate, except for the last few months, we have kept adding jobs in the labor market, and yet the gap, between the unemployment rate of minorities and women and white males has remained the same or even widened to some extent. This shows that we haven't got effective affirmative action programs underway that would make it possible for us to take advantage of additional jobs.

This is the thing that really concerns me. There isn't any doubt in my mind but that we can't settle for the kind of a situation that we find ourselves in at the present time in terms of unemployment; that has got to be improved.

But then I ask the question, if it is improved, will that result in narrowing that gap between the unemployment rate of the minorities and women and the white males. On the basis of what has happened from 1960 down to the present time, the answer is no, it wouldn't narrow it; it will stay where it is or maybe even widen. I think we have to address ourselves to the question of how we get that gap narrowed.

In other words, you make additional jobs available and, by and large, they go to white males; they don't go to minorities and women.

The **CHAIRMAN**. Doctor, I see that we have a vote on, and I would like to just ask one additional question, and then we will suspend for 10 minutes.

MANPOWER PROGRAMS

You mention in your opening statement, and again you just repeated in response to my question, your concern for jobs and more specifically, job training. Many of my colleagues are very, very critical of a number of manpower programs. CETA, for example, comes under tremendous attack from some of my more conservative colleagues who view these manpower programs as a way of wasting Federal resources and to demonstrate that the Federal Government does not have the capacity to address human problems.

I maintain that one of the inherent problems in our manpower programs is that for a number of years we have traded off numbers for substances, and we decided to go for higher numbers rather than substantive training, and that we are only training people for 1, 2, 3, 4, 5 or 6 weeks, which in no way provides the capacity for human beings to develop meaningful skills that would allow them to function in this complex and rapidly changing society.

Do you agree with that comment, and would you like to amplify on that comment?

Dr. **Flemming**. I definitely agree with it. I think you have put your finger on a very fundamental problem as far as these programs are concerned. I believe we must invest in training programs of this kind. For example, one opportunity that I think we are missing along this particular line—I am now drawing on my 5 years as Commissioner on Aging—is that of injecting into the programs older persons who not only could be helpful to the younger persons in terms of transmitting skills, and so on, but could be extremely helpful in introducing them to the world of work. You and I know that many of these young persons have never had any opportunity to get acquainted with the world of work, and all that that implies. If we could only be more creative and imaginative, we would be utilizing more effectively a resource that we have in older persons, and we would be utilizing it for the purpose of really making it possible for these younger people to become involved in the workforce in a significant way.

The **Chairman**. Thank you, Doctor.

I yield to my distinguished colleague.

Mrs. **Fenwick**. I thank my chairman for yielding.

CETA PROGRAMS

We have our green thumb for employment of older people, and I am very much in favor of it, but I do wish we could keep our CETA programs for the young and do something. It is an 18-month training program. It isn't taken seriously by anybody, and I am going to, when I have time later, ask you to cooperate.

We get something going for these young people, and it is torpedoed by the Labor Department. We need your help. We try to get small businesses to employ minorities. But what do you get—form MB-1, 22 different ethnic origins, 6 different types of specific islanders, Guamanians, Samoans. It is ridiculous; every barrier is put before the small business.

It seems to me all you would have to do would be to say white male, white female, Hispanic, and other. There are six different kinds of native Eskimos and Aleutians included that you have to be sure to enumerate. I have never seen more barriers put by a bureaucratic government between the employment of somebody in the minority.

I am very anxious to talk later.

We might vote now, shall we, Chairman, and then we will be back?

The **Chairman**. The committee will stand in recess for 10 minutes.

[Recess for Members to vote.]

EQUAL EMPLOYMENT

The **Chairman**. The committee will resume its business.

Dr. Flemming, you note in your testimony that a recent study of income and education comparing indicators for women, minority men, majority men, showed that in many instances women and minority men were relatively further from equality in 1976 than they were in 1960.

My first question is, and you may have answered this, but I would appreciate it for the record here, would you say that this relative distance from equality has continued to increase since 1976 and, if so, are there any particular causes for this as you see it from your vantage point?

Dr. **Flemming**. The one indicator that we have brought up to date since 1976 is the indicator for employment and, as I indicated in my testimony, when we took a look at that in 1979 in connection with our annual report for 1979, we found that that gap had persisted from 1976 to 1979.

I personally feel that is very serious, that we as a Nation have not given that the attention that we should.

AFFIRMATIVE ACTION

The **Chairman**. Do you believe that the Supreme Court decision in the *Weber* case will lead to any lessening of employer resistance to affirmative action programs, or is continued litigation more likely?

Dr. **Flemming**. We feel the *Weber* case does represent a step forward. There is no doubt about that at all.

For example, prior to the *Weber* case the Equal Employment Opportunity Commission issued affirmative action guidelines under which employers could on a voluntary basis move in and develop and implement affirmative action plans.

The *Weber* case certainly put those guidelines on a good solid legal foundation. In fact, there was a reference to those guidelines by the Court in its opinion.

I suppose there will be additional litigation in this area, but we think that the Court is headed in the right direction, as indicated by the *Weber* decision.

The **Chairman**. Doctor, in your opinion, is there a need for large-scale federally sponsored initiatives to encourage employers to hire women and minorities in numbers great enough to reduce the present disparities between women, minorities and white male Americans?

Dr. **Flemming**. There is no doubt in our mind at all but the Government must deal with this unemployment situation in a positive manner but, as I indicated earlier, the thing that concerns us is that if the additional resources are made available, on the basis of our past experience, the experiences since 1960, this gap in the unemployment rate will continue between minorities and women and the white males, unless as we see it, that somehow or other we can get public and private leaders at the community level concerned about it and interested in the development of communitywide affirmative action plans.

Now, Mr. Chairman, I feel one of the great concepts that has come out of the civil rights movement is the concept of affirmative action. We tend to apply it almost exclusively to the field of employment and almost exclusively to employers, public or private.

We believe that that concept can be applied and should be applied on a commnitywide basis in the area of equal employment, and that there ought to be communitywide goals for closing the gap between the unemployment rates of minorities and women, and white rate, and action plans designed to achieve those goals.

FAIR HOUSING

We also feel that the same principle can be applied in the area of fair housing. In that area we tackle it on a case-by-case basis, but I don't know of any situation where public and private leaders in a community have gotten together and said, look, this is the kind of a goal that we want to achieve in the area of fair housing on a communitywide basis, and here is how we intend to go about it.

A desegregation plan is in reality an affirmative action plan because it does have goals and timetables and there is an action program designed to achieve those goals, so it really is a communitywide affirmative action program.

Going back to the field of employment, our feeling is if we are really going to get some momentum in this country going designed to close the gap, between the unemployment rates of minorities and women, and white rate, somehow or other we have got to arouse the public and private leaders in the community and get them to develop communitywide affirmative action programs.

The CHAIRMAN. Just to pursue your latter statement, do you think that we can encourage community leaders, both public and private, at the local level to do just as you indicate aggressively if their view of the Federal Government is such that they don't perceive that kind of leadership emanating from this arena?

Dr. FLEMMING. I think it is absolutely essential for the Federal Government to set the right kind of example, and that is why in the closing part of my statement I indicated our concern, for example, over the fact that we keep getting antibusing riders, for an example, on appropriation bills.

As you and I both know, they tend to undermine the whole civil rights movement. Now, they are bad in and of themselves in terms of what they do to specific programs, but they are particularly bad because of the message that they convey.

As I go over the country and talk with leaders in the community, they say, well, the country isn't as concerned about civil rights; they are not as interested in it as they were in the sixties, otherwise they would not be putting these riders on.

Personally, I was delighted that the House passed the amendments to the fair housing law. It was a close squeeze on one significant vote. I certainly hope that the Senate will do likewise, because that will help to convey the other kind of a message to community leaders. But for the last few years they have been getting negative messages as far as these appropriation riders are concerned.

What worries me is that when something like the Eagleton-Biden rider gets attached to an appropriation bill it is very, very difficult to even get the issue raised again in such a way as to get rid of it and, somehow or other, I don't think those of us who were a part of the civil rights movement have devised effective ways and means of creating the kind of public demand for a repeal of that rider that we should develop.

POLICE COMMUNITY RELATIONS

The Chairman. Doctor, I just have a couple more questions. I would like to go to another area and ask you to comment more on the police community relations project of the Commission and in the course of your remarks I would appreciate if you would indicate what cities the projects are in.

Dr. Flemming. As your question indicates, one of our major projects at the present time is the police community relation project. That is in its final stages.

A draft of the statutory report containing our recommendations to the President and the Congress will be before us in a few weeks.

In terms of public hearings on the part of the Commission, as I indicated in my testimony, we have held hearings in Philadelphia and Houston, and some of our State advisory committees have taken a look at situations in other cities.

For example, the Tennessee State advisory committee took a very close look at the situation in Memphis. They ran into some difficulty in terms of being able to get some evidence that they needed, so two of us as members of the Commission went down and held a special hearing there to exercise our power to subpena witnesses and subpena documents and round out their record.

They filed an excellent report and that report has led to some very positive and very constructive results.

Also, the Florida State advisory committee did take a look 4 years ago at the Miami situation, and at Jacksonville. The Kansas City advisory committee has looked at the situation in Kansas City, and also in Wichita, and so on.

I don't have the complete list with me here. I will furnish that for the record so that the record will show the complete list of cities.

The Chairman. We would appreciate that.

[The information requested follows.]

U. S. Commission on Civil Rights,
Washington, D.C., July 30, 1980.

Hon. Ronald V. Dellums,
Chairman, Committee on District of Columbia,
Washington, D.C.

Dear Chairman Dellums: I recently reviewed the hearing transcript of my June 25, 1980 testimony before the House Committee on District of Columbia concerning the issue of Urban Centers. As you will recall, during our colloquy following my prepared statement, I agreed to provide a complete list of cities which have been studied in recent police-community publications by this Commission and its State Advisory Committees (SAC's). The list, which follows, is a compilation of locations where this Commission has reviewed issues of police misconduct and its effect on particular minority groups, as well as the lack of minority and, in some cases, female representation in individual police departments.

Philadelphia, Pa.; Houston, Tex.; Flagstaff, Ariz.; Memphis, Tenn.; Jacksonville, Fla.; San Jose, Calif.; Wichita, Kans.; Miami, Fla.; Rapid City, S. Dak.; Bismarck, N. Dak.; Albuquerque, N. Mex.; Santa Fe, N. Mex.

This information should be inserted in page 31 of the hearing record. If you have any questions concerning this information, or if the Commission can be helpful to your Committee in any way, do not hesitate to contact me or Lucy Edwards, Director of our Congressional Liaison Division 254-6626.

Sincerely,

Arthur S. Flemming,
Chairman.

MIAMI RIOTS

The **CHAIRMAN**. With respect to Miami, are you at this particular moment attempting to update the data on Miami?

Dr. **FLEMMING**. Through our regional office in Atlanta and working with the State advisory committee, we have received reports on the developments that have taken place there during the past few weeks.

Neither the Florida advisory committee nor the committee have attempted to hold any hearings on the situation there as of the present moment.

The **CHAIRMAN**. Doctor, I would like to go into one additional area before yielding to my distinguished colleague from New Jersey.

All of your testimony this morning has spoken to the issue of civil rights, raising the question of ideals and principles, a sense of justice and equity.

KU KLUX KLAN

At this very moment we are experiencing in this country at least an apparent resurgence of organizations such as the Ku Klux Klan.

I would appreciate it if you could comment as to why you believe this apparent resurgence, and what do you think it is related to from your vantage point?

Dr. **FLEMMING**. Well, we have been very much concerned about the resurgence of the Klan and the American Nazi Party. By utilizing our State advisory committees we have attempted to keep current as to developments in that particular area.

I think it is very difficult to pinpoint any one particular reason for this resurgence. I think we had reached the place where we thought we as a Nation were beyond the kinds of activities that are represented by the Klan, the fact, however, that there is this resurgence, the fact that they have been able to gain the support that they have been able to gain indicates that this is still a very serious problem.

We feel that it is very important for law enforcement officers beginning at the Federal level and moving to the State and local levels to keep on top of this situation and to indicate by their actions that they are not going to tolerate this kind of activity.

We also hope that the law enforcement agencies, Federal, State, and local, can coordinate their activities in such a manner that they can detect the possibility of violence growing out of these activities and can take steps designed to prevent that violence. We feel that it is a development that should be taken very, very seriously by this country.

This ties back into everything else that I have said. People could very well ask, why is it over a period of 20 years the gap between the unemployment rate of minorities and women and white males has not been narrowed?

Well, many reasons can be assigned; but I think we are fooling ourselves if we do not recognize that we are still dealing with racism and sexism in this country and that our programs have got to be based on the fact that those basic issues still exist and that we have got to deal with them head on.

The **Chairman**. I thank you very much for your responses to my questions.

The Chair now yields to the gentlewoman from New Jersey.

Mrs. **Fenwick**. Thank you.

I think the large part of this terrible resurgence of the Ku Klux Klan is because we are going into a recession and if we are not careful and if we do not exercise real interest in the problem we are going to get what happened in Germany.

When there is trouble, you look for a scapegoat. It is a terrible human capacity, and that is what we are going to get if we are not careful.

The amount of publicity the Klan receives has got to be considered, and I hope the newspapers will exercise a sense of responsibility in that regard. The more that group is publicized the more recruits they get. There are many unhappy people, feeling a sense of disorientation and disaffection. This occurs just as much among the whites as it does among the blacks. That is what it feeds on.

CETA

I would like to talk to some of the things that we need your help on. For example, let's just take a job training program like CETA. What happens to it?

We have an unhappy little thing in my county where the administrator is receiving $78,000 a year. How does that look to the people who are paying their taxes and supporting the program?

The Community Action program runs CETA in that county. Many of these people that are getting CETA wages are laid-off policemen. They are not trained as the law should require.

When we do get a program blessed by the AFL–CIO labor in the county and the CETA administrator with a good company, which has a union company with good wages and pensions, everybody is in favor of it. Young people who had never had good jobs were going to be on their way, and trained.

The Labor Department killed it because they insisted that a company should certify that no profit was going to creep down to the company from the work of those trainees. You can't guarantee that. There may be a terrible loss and it may spoil a whole lot of material which will have to be done over, but you cannot be sure they are not going to contribute to some degree to productivity.

So the telegram went out, this is advisory only, and of course the lawyer, they had luckily a lawyer which many small businesses have not, and the lawyer said, you can't accept this promise, you can't make that promise, and the whole thing has gone down the drain.

I am working on that with Chairman Hawkins to see if we cannot do something. This is the problem.

The sons and nephews of politicians are getting in on it, who do no more need that 18 months of training than I do. Colleague after colleague comes up to me and say, "I don't know what CETA is like in your district, but in my State it is a mess."

In my district I am proud; we have fine administrators in both the counties in the major part of my district, and if it were all like that you could sell this program to the Congress and to the public, but when this kind of thing happens, when some fancy administrator is getting $78,000, in addition to a pension as a disabled fireman from the city of New York, what do people think?

I worked for 15 years as a volunteer on the New Jersey commission. I wrote the employment and housing reports and voting and many others, and when anybody tries to say that there is no change, there is a big change, and we all know it, but it isn't enough and above all, I agree with you that justice is the most sensitive thing.

We had complaint after complaint when the people of the 7th ward knew about a certain magistrate. Nobody would pay any attention. I took it to the attention of the authorities and the courts and testified in three, four rent strikes on behalf of the tenants in those high-rise, buildings, and at the same time I brought to the attention of the authorities what those people thought of this particular magistrate.

It was not until we got a new U.S. Attorney that we obtained some resolution to the problem. Nobody listens to the people; nobody listens to the people who are trying to live in the conditions that we have created for them with this horrible public housing and this misuse of the programs that are supposed to be devised for their help.

What do they think? They know what is going on; nobody fools them. The people who are supposed to be doing the training in the CETA programs don't turn up until 9 o'clock. What makes them not turn up at 8? Work is not taken seriously. There is no training in it. All they wait for is a Friday payoff. It isn't enough just to have a big program, half of which is going to stick in some agency in Washington.

Another big section of it is going to stick in some agency with these kinds of wages, the people on top. We really need help, and if you could make some investigation into some of the operations of these programs and bring them to the attention of the Congress and to the public, it would be tremendous.

We could really move together.

The CHAIRMAN. Would the gentlewoman yield briefly?

Mrs. FENWICK. You bet.

The CHAIRMAN. Is the gentlewoman seeking a look into the structural problems that have created unemployment that do not provide the necessary training for human beings, or is the gentlewoman talking about aberrations of abuse and fraud, or are you really talking about answering the question of how do we develop the capacity to train and employ millions of human beings who are not employed?

Which view are you trying to take?

Mrs. FENWICK. I am sorry that my questions were not clear. What I mean, and what I am saying is that large sums are devoted to these programs and the structure of the program is so faulty that they are over and over again misused.

Now, the number of people that are not being trained is clear from the subsequent scandal that has erupted, this is the Surburban Record, one of our best papers in the State. This was the New York Times actually, but the new one is the Suburban Record.

We are going to have to do something, and we need the help of your prestigious Commission, because somewhere we have got to have people that mean it.

I was very anxious as a member of your Commission who wanted to study education because it seemed to me that they were tragically losing one generation after another with inadequate education.

We get somebody like Kenneth Clark and his plan for teaching children, which was particularly addressed to the schools of the District, Hispanic, and I bought many copies of this and disseminated it, hoping it would be used in Newark. It was not.

Voices that could tell us how to spend the enormous sums that we are spending are not listened to, and this is what I think it starts with, education. Education leads to jobs, and there is where the hope is, certainly, as you say, because without hope, if the parents don't push their children, we are in trouble.

I have been in the high-rise low-income housing project in Newark, a family with 10 children, oldest boy in college, another two headed on their way. When I was there the children were studying their homework. There is a family on their way. How do they do it under those conditions? That family is heroic. But we don't support them. We give them places where people can't live properly at enormous expense to the taxpayer.

I have some questions: Could you help us, do you think, in this business of pointing the use of those job training and placement programs which are so important; the misuse of those funds, or is that the kind of thing your Commission really could not undertake?

Dr. **Flemming**. Congresswoman Fenwick, may I say first of all the Civil Rights Commission deeply appreciates the outstanding service that you rendered as a member of our New Jersey State Advisory Committee over a period of 15 years, and I know that you do understand what our opportunities are and also what our limitations are.

We have a real interest in the CETA program, because of the fact that we feel that a properly administered CETA program will open up new job opportunities for minorities and for women.

We feel that without a CETA program, many young people particularly would be denied the opportunity for moving into the labor market, therefore, we do have the right to ask questions as to whether or not the objective that we are concerned about and interested in is being achieved.

Personally, I like what I gather is your approach. As a result of my experiences in Government over a period of 40 years, I recognize that there is always a tendency on the part of Government to get a new program under way, to run into some difficulties, abandon it, and start something else in its place.

I would much rather have Government, the legislative and executive branches, stay with the CETA program in concept and do everything we possibly can to make it work and make it possible to achieve the kinds of objectives that we want to have it achieve.

We will ask questions relative to CETA with that objective in mind.

Mrs. **Fenwick**. That would be wonderful, because the new uproar in my State is that so many, over half the papers said, I am not sure if this was just a newspaper report, were not young people at all who were employed in city jobs that were not being trained.

ETHNIC PROBLEMS

I think also it would be helpful if you could give some guidelines in this minority small business thrust. I was thinking about it in the trolley going over, if we could say white male, Hispanic, or white female, Hispanic, then we wouldn't subject these small businesses to these very complicated ethnic divisions, like deciding whether someone is a Samoan or Guamanian. They would be neither white nor black nor Hispanic, they would be something else, some "other" minority.

We have to include the Hispanics because in so many parts of this country they have suffered under disadvantages that were not fair. If we just did that, then you would get the categories as to who is involved in that business without subjecting the business to something that really drives them crazy.

There are so many things like that that we do with good intentions but which are structurally counterproductive.

Dr. FLEMMING. Well, the Commission has been taking a look at the Euro-ethnic problem, for example, and we recognize the pressures that are put on the departments and agencies to come up with information as to what is happening to this particular group or that group.

It is altogether possible the pendulum has swung too far in the direction of obtaining detailed information and it is possible for it to swing back and still accomplish the objective that all of us want to accomplish. We don't want any group in this society denied equal opportunity by reason of their national origin or by reason of race or creed. That is the objective that all of us have in mind.

Mrs. FENWICK. Don't you think that would be enough if we said, what do you employ in the way of white males, black males, Hispanic males, other, white females, black females, Hispanic females, other? Could you care whether it is a Samoan or a Guamanian? It makes no difference.

We are trying to find out whether this business qualifies for some kind of minority business or whatever.

Dr. FLEMMING. That is something we will take a look at.

Mrs. FENWICK. Thank you, Mr. Chairman.

The CHAIRMAN. Has the gentlewoman concluded her questions?

Mrs. FENWICK. Yes.

The CHAIRMAN. Doctor Flemming, I would like to thank you very much for your contribution to the hearing here and I would certainly like to thank you on behalf of myself and my colleagues.

If any additional questions occur to us we would ask that we submit them to you and ask you to submit these in writing because we will more than likely keep these hearings open for a number of days.

Dr. FLEMMING. I want to express our appreciation for the leadership that you are exercising in holding these hearings at this very critical point in the history of our Nation.

It is very encouraging to us and we will be delighted to cooperate with you in any way we can.

The **Chairman**. It is simply the thought of the Chair that many of the principles that we espoused in the sixties and seventies will come under significant challenge in the 1980's and perhaps only the committed and only the strong will stand up in the decade of the 1980's, given the incredible pressures both internationally and domestically that impinge upon human beings.

In the midst of this incredible pressure, the plight and problems of millions of human beings trapped in the urban centers of America and those who are not is being looked at, so this is our feeble effort to try to get our colleagues in this country to realize balancing the budget is only one miniscule aspect of our business here.

Most importantly, it is to address the problems where millions of human beings live.

Dr. **Flemming**. Thank you.

The **Chairman**. The second witness this morning is Dr. Marvin Dunn, Florida International University, Miami, Fla.

Dr. Dunn has studied and written about the black community in Dade County, Fla., and has directed several federally funded programs related to racial and ethnic minorities in the Miami area.

Dr. Dunn has several observations and insights about the national implications of the Miami experience and we welcome you in the hopes that you would share those thoughts and ideas with members of the committee this morning.

STATEMENT OF DR. MARVIN DUNN, FLORIDA INTERNATIONAL UNIVERSITY, MIAMI, FLA.

Dr. **Dunn**. I appreciate the opportunity to appear before the committee and very much appreciate the fact that these hearings are being conducted.

PROBLEM AREAS

I have submitted written testimony which sets forth a number of problem areas confronting urban America.

I mention the apparent fact that we are a Nation which has been unable to put millions of our people to work while at the same time insisting that everyone who is able must work.

I have pointed out that in my view millions of black Americans particularly are ill-prepared and ill-equipped to meet the various job requirements in an increasingly technological society.

My written testimony presents my view that our welfare system is a national disgrace, that it solves few problems while degrading the people who are obliged to be served by that system.

We have had the rampant violence in our cities and the bankruptcy of our criminal justice system, and indicated in my view that justice is for sale in America, and only a few black and other minorities are able to pay the price.

I noted my view that our concept and practice of rehabilitation of offenders is a cruel joke. The black family is in crisis. The social scientists may no longer deny that. The figures are overwhelming. Over 49 percent of the black children in this country live with both their parents. More than 39 percent of the black women of this country who have children are rearing those children alone.

These figures have serious implications indeed. In my written testimony I mention the sad state of child care in our country. It is as if we as a Nation do not care that millions of young children have no place to go after school except the homes without adults. Yet we complain about their involvement in some cases in crime.

We call those the latch-key children. Thousands of them injure themselves each year, some fatally.

In American cities we have run out of decent places for people to live decades ago. Health care for the poor has improved but still is pathetic.

There does exist a double standard of health care, one for the rich, one for the poor, and just as justice can be bought in this country so can life itself, if we have a price.

RECOMMENDATIONS FOR CHANGES

I made a number of recommendations regarding those problems to the committee. I ask that once and for all somebody stop the three-ring circus in Washington. Sit down and develop a long-term viable domestic policy.

I ask that we stop throwing good money after bad and evaluate the impact of the present programs you fund. We might find that many, if not most, have little or no impact on the problems they are supposed to address and that if indeed change is necessary we must institute that change.

Frankly, I am not sure but the Members of Congress may be a major problem in trying to get these reevaluations done, since some Members support those programs for purely political reasons, whether they work or not.

Also, in terms of recommendations, I noted that since we must have a President, let us elect him once for a 6-year term in order to allow the President to stand by what he thinks is right and is needed rather than for what might get him re-elected to a second term.

If the Constitution must be amended, then so be it.

I ask that you finally make it worthwhile for private business to go to the aid of our cities and the millions of miserable souls who are trapped there. I ask that you develop programs and incentives to attract middle-income whites and blacks back into the inner core of our cities.

I think this could be done and at the same time I suggest that we must assist in relocating many of our citizens who are now unable to move out of the urban core to areas closer to jobs which may be available to them.

Finally, I urge the Government to take bold action, innovative action, by making the innercity the focal point for the development of new forms of energy.

I ask that you fund through low-interest, long-term loans, community-based for profit groups which can organize and hire thousands of people in this endeavor. If we have an energy crisis and a human crisis why not solve both probems at once?

If the oil companies cannot find enough oil and since the technology to produce the gasohol and other alternate forms of energy is available, in fact by some estimates in the next two decades or more, almost half of our automobile energy needs could be met through gasohol.

Why not let the poor people produce it? It could not only regenerate their lives but the life of our country.

Now, members of the committee, I have no illusions. I know I was invited here in good faith, but I must tell you, I think this will come to naught. Why should the Congress now, at this point in our history, respond to the urban crisis?

Why should it be expected to do now what it would not do in 1970 at a time when inflation and recession gravely threaten our economy, at a time when conservatism is growing in America. Indeed, it is as popular now to be a conservative as it was in 1960 to be a liberal, if ever being a liberal was popular.

Why should those things be done now? Why should the Congress listen to the screams from Miami when it was deaf to those from Newark and from Detroit and Cleveland?

I fear the Congress would not hear; I feel the Congress would not respond; I feel the Congress would not care, and I think that this is so because really the people of America don't care about the cities or about the poor or about the blacks.

People care about the hostages, because that is the stuff of which movies are made. The rights of the citizens, the plight of blacks, most people say here today:

> What plight of the blacks? The Indians are supposedly the only ones who have a plight. We solved your problems back in the sixties, don't you remember, the war on poverty, civil rights bill, affirmative action. You darkies ought to be doing pretty good these days, certainly better than white folks whose jobs you keep taking.

We did a study a few weeks ago before the riots and found two-thirds of the white people felt that blacks were doing as good if not better than white people.

I think that the heart of these feelings is not shared by the people in Congress. I can see no other reason for such inaction. Surely, it is not because the Members of this body do not know that this Nation is going to hell fast on a downhill rollercoaster, and most of us on it have our eyes closed.

MIAMI RIOTS

Now, with respect to the Miami riots, much has already been written about this event. I am a person who lived through it on the streets for virtually all of the 4 days of our nightmare. I do not find it easy to speak of it or write of it, and my review will be brief.

The so-called McDuffie riots were gruesome, spontaneous in their eruption, catching the vast majority of the community by complete surprise. They came as a direct result of the verdicts in the McDuffie case, which was a notorious and bizarre case but, nonetheless, could have occurred in any city in this country.

The case involved the brutal killing of a black insurance executive by several white police officers, all of whom were acquitted by an all-white jury on the 17th of May in Tampa.

The case had been tried after a change of venue was granted. At least 16 people were killed, most of them black, and the damage estimates exceed $200 million, making this the most costly civil disturbance in American history.

Of course, the question persists; why did these riots occur?

The answer to that question, and there are indeed several answers, may be found in the so-called Kerner Commission Report of 1968 on civil disorders.

There is nothing new except perhaps a slightly different conclusion which I have reached relative to how these factors may be interpreted.

The efforts by the administration and even by the President to paint Miami as a unique community with special circumstances is sheer folly. Miami's tragedy is America's tragedy. What happened in Miami could have happened any place in this country, given in 1980 the existence, perhaps to an even more serious degree, of the problems of America as outlined so thoroughly in the Kerner Report.

It was not the refugee problem. It was not the failure of the local black leadership. It was not competition between blacks and Hispanics, not the press coverage of the case, not the weather. It was not the tooth fairy. It was the utter collapse of our system of justice and the widespread belief in the community that a vicious crime against an innocent black person had gone unpunished.

The McDuffie killing was a thing taken quite personally by many black people in Miami, including myself, merely because it reaffirmed our individual and collective vulnerability.

It said to us all, "This could have happened to you", and I think that this explains at least in part the particularly heinous nature of the riot.

It was an act of revenge. The white people who were killed in this riot were not killed because they got in the way or provoked a confrontation. They were killed because they were there and because they were white.

I did hear people in the course of the riot speaking of several other racially sensitive cases which had preceded the McDuffie verdict. Feelings ran high about those cases, too. Their occurrence cannot be separated from the riot, and probably substantially contributed to the riot.

I heard some discussions too about the perceived and actual duplicity in U.S. immigration policy with respect to the Haitians and the so-called Cuban boat people who were then flooding our south Florida shores in great numbers, but those indicators in no way compare to the extent of the outrage expressed in the course of the violence about the McDuffie case itself.

There have been discussions subsequent to the riot about the long-standing plight of Miami's black population as a contributing factor, especially with respect to jobs or adequate housing, things such as those.

If those were the real reasons, and the McDuffie case a mere spark, then Miami's riot of 1980 was the first time that I know of in which blacks have rioted for those reasons per se.

If the lack of jobs and such did in fact lead to rioting, black people in this country would be in a constant riotous state. These factors, in my view, were important only to the degree that such factors contribute to the evolution of a black subculture in which rioting is accepted as a legitimate form of social protest.

This is quite a different thing from rioting because one is poor or out of work or even hungry. Actually, the position that I advance is moot, whether people rioted because of these factors or because these factors led to social conditions which condoned rioting.

In the final analysis, it does not matter. It remains, nonetheless, imperative that those conditions be removed, lest we see even more violence in our inner cities.

In closing, I think for Miami, ruthless as it was, God gave Noah the rainbow sign; no more water, the fire next time.

That concludes my prepared statement, Mr. Chairman.

[Dr. Dunn's complete testimony follows:]

PREPARED TESTIMONY OF DR. MARVIN DUNN, FLORIDA INTERNATIONAL UNIVERSITY

INTRODUCTION

This testimony outlines in Section I several problem areas in urban America and discusses their implications for domestic policy development. A number of recommendations are submitted in Section II with brief discussions following each item. Section III discusses the Miami Riot of 1980. Addenda are included following Section III.

The reader will note the deliberate effort not to present this as a statistical report. It is pointed out however, that statistical documentation of much, if not most of the conclusions presented here can be found in "The Social and Economic Status of the Black Population in the United States: An Historical View: 1790-1978", published by the U.S. Department of Commerce, Bureau of the Census.

I. URBAN PROBLEMS

A. We are a country which is unable to put millions of our people to work yet we cling tenaciously to a work ethic which demands that those of us who are able to work, must work. For many citizens, white and black, this dilemma is resolved by assuming that those who are not working are not working because they choose not to work. Whereas this conclusion is appropriate in some cases, it is both inaccurate and unfair to apply the assumption in the pervasive and virtually all inclusive fashion in which we do.

B. Black Americans in extraordinary numbers are ill prepared and ill equipped to meet the various job requirements in an increasingly technological society. Racial discrimination is not necessarily the primary reason so many of us are unemployed. The unavailability of jobs is not in itself the reason. These and other reasons must be combined with the stark reality that our educational system has failed, is failing, and will most likely continue to fail literally millions of children each year, many of them being urban black children who most urgently need basic skills. Basic literacy is no longer sufficient for survival, yet even this minimum level of educational attainment is not reached by disproportionately high numbers of black youths. Even a great many who finish high school are unable to read their own diplomas. These young people add to the growing urban American underclass, a group which lacks the skills to compete and eventually even the will to try. Ultimately, they swell our welfare roles to intolerable limits with little or no hope of becoming self-sufficient contributing citizens. Their existence antagonizes those citizens (white and black) who must bear the burden of supporting such massive numbers of people, a few of whom abuse the system. In so doing, welfare cheaters, upon being discovered, convince the larger society that most welfare recipients are abusers of that system and therefore are undeserving of public support. All of this adds to a growing political conservatism in America which finds public generosity an ever increasing pain in the national neck.

C. Our welfare system itself is a public disgrace. The accuracy of this assessment is hardly debated. Even those who administer our welfare programs seem to accept this very sad fact. Yet, the corrective measures needed are very very slow in making the scene. It is as if everyone knows that we have patients who are gravely, although probably not terminally ill, yet we lack the courage and tools necessary to save their lives. And so they lie in their collective misery as we administer transfusions which keep them alive but do not go to the heart of the problem. The healers in the operating room grow in their frustration and sense of helplessness.

Eventually, their role evolves and they become mere monitors of very sick patients. Those who are paying the hospital bills become disappointed and angry as they receive larger and larger bills for more and more such patients. Eventually, those who pay become convinced that the patients are faking. Finally, the patients themselves become frustrated in their unending misery as they begin to resent both those who merely monitor them instead of curing them and their insensitive sponsors who pay their bills but who do not or will not understand.

D. American cities are becoming desperately violent places in which to live. America itself is becoming a nation of individuals, each of whom live in their own little domestic fortress. We have locked ourselves in with the hope that we have locked the criminals out. But they are too many and we become their victims in spite of ourselves and our locks. To exist from day to day with an inescapable sense of personal danger is an unhealty state of affairs. Most of us have adjusted to this reality but we have done so at great psychological and personal cost. We know that those who pose the greatest threat are those who comprise the great urban underclass—the bulk of which is black. But, what should we have expected? Given the virtual failure of our public institutions, from education to welfare to the failure of our economic system itself, it would have been sheer national folly to have expected that many of those who have been failed by our institutional systems would not sooner or later turn upon us. What surprises me is not that our crime rate is so high, given the cancerous condition of the American city, but that it is so low. There is reassurance, little though it is, in the fact that despite the obstacles they face and the condition of their existence, most people who are poor and black, including our young people, do not turn to a life of crime.

E. Our criminal justice system is a marvel of failure. Justice seems less a matter of guilt or innocence, right vs. wrong, than a question of how much money one is able to spend to protect one's interests. The poor and minorities are often victims of the very system which is supposed to protect their rights as citizens of this country. Consequently many, especially young minority people, lack confidence that the system will give them a fair shake. There is evidence which suggests that blacks receive longer sentences than whites for similar offenses; that public defenders do not have the time, resources or inclination to aggressively provide for their defense; that our jury selection system often leads to the dismissal of their peers in the consideration of their cases; that the U.S. Department of Justice is slow and proceeds in an after-the-fact fashion in the protection of civil rights; that the concept and practice of rehabilitation of offenders is a cruel joke; that prison reform ought to be one of our top priorities; that white collar crime is not effectively prosecuted while the kinds of offenses that blacks most often commit are pursued to the full or near-full extent of the law; and the list goes on and on. The problems with the justice system are so acute vis a vis blacks because blacks are so disproportionately involved in the system for reasons which should be apparent from points made earlier in this paper. It is a crisis of confidence. Whereas blacks may be willing to compromise on many other issues and problems, there is no room for compromise when it comes to the question of justice.

F. The black family is in trouble. Problems affecting the black family have reached crisis dimensions. Today most black children do not live in homes with both of their parents. The figures are startling. Only 49 percent of all black children live in homes in which both parents are present, while 86 percent of all white children do. Thirty-nine percent of the black women of this country who have children are rearing those children by themselves, while only 11 percent of the white women who have children are rearing their children alone. A very large percentage of these single parent families are poor. Most live in central cities. There are many factors which account for the numerous problems which impact upon the black family, many of which have already been presented, yet many white Americans seem to prefer to believe that the only thing wrong with the black family is black people themselves. It is a classic example of blaming the victim.

G. Child care or rather the lack thereof is a major problem which effects urban America, poor people in particular and blacks especially. The so-called "latch key children" (youngsters who go home from school to houses without adult supervision) are legend. It is a dangerous situation to say the least, with thousands upon thousands of these children injuring themselves each year, many of them fatally. The pathetic level of federal support through Title XX ought to be an embarrassment to every member of Congress. The fact that urban streets are filled each day with legions of children who have no adult supervision adds to their rate of involvement in illegal activities-petty crimes at first which escalate over time to serious criminal involvement. The financial strain of providing for the care of their children on mothers who are already losing the battle against inflation helps to keep them locked in the grip of poverty.

H. There is an increasingly difficult problem in providing adequate housing for the urban poor. Overcrowding in the ghetto is an accepted fact. Documentation through HUD is easily obtainable; we long ago ran out of decent places in which to live. The waiting lists for public housing require families to wait for months, if not years, to get into public housing, much of which is old, rundown and dangerous. Over 55 percent of our people live in central cities and for all intents and purposes, we are trapped there.

I. Health care as provided through public facilities represents a double standard of treatment for the poor. All of our citizens should be entitled to the best possible health care available today, yet just as money buys justice, it buys all else including life itself. The conditions in many, if not most public hospitals and clinics are such that lives are unnecessarily lost in a health care system which is overwhelmed, understaffed, ill equipped and inadequately supported. All of these problems are well known in Congress. There are many more, but one is hit with a sense of what's the use? It is a veritable deja vu; it has all been said before and many times at that. What is needed now is not a re-examination of the problems and not even a search for solutions since many solutions are already known. What is lacking is a commitment to apply the solutions we already know to exist. How many more hearings must we have before that commitment is obtained?

It seems to me that Congress is not committed because the people of our country are not committed. In an age of growing domestic conservatism, especially in the face of yet another major economic recession, the likelihood of getting that commitment is very small indeed. Nevertheless, I shall endeavor to submit a series of broad recommendations with respect to the development of a domestic policy which I feel to be appropriate in addressing these problems. The details would, of course, constitute an extended paper, indeed volumes could be written at that level.

II. RECOMMENDATIONS

A. The Development of a Long Term Comprehensive, Bipartisan National Domestic Agenda Which Addresses the Problems of Urban America and Which Applies the Resources Necessary to Eliminate those Problems: I fear that our political system may work against such a development. We seem to go from administration to administration and from Congress to Congress as a national ship without a domestic rudder, plowing again and again the same sea of issues and problems with little or no resolution and with even less direction and leadership. There is no discernible domestic policy today.

B. Extensive Program Evaluation: In the resolution of our massive domestic crisis, more of the same simply will not do. We must first determine with some degree of certainty which of our present approaches are working with a reasonable degree of success and which ones are not effective. Millions upon millions of federal, state and local dollars are wasted on programs which are both costly and ineffective. There is no shortage of places of start, although the Comprehensive Employment and Training Act (CETA) programs are as good a place as any. In education, the effectiveness of Title I programs should be reviewed in great detail. There are many, many others, including LEAA programs, SBA, even the sacrosanct Head Start program. These evaluations should not be conducted as hatchet jobs with the end result being the elimination of support in terms of federal dollars, although that is often the outcome of program evaluations. Impartial entities which are external to the government, such as universities and foundations, should be utilized in the conduct of these in-depth evaluations. Objectivity and fairness is absolutely essential. These assessments simply must be done if we are to avoid "throwing good money after bad." It will soon be discovered that when it comes to evaluating programs, the members of Congress themselves may be their own worst enemy. Elected officials tend to have their own pet projects which they seem bent upon funding whether they work or not.

C. The Constitution of the United States should be Amended to Allow for the Election of a President for One Six Year term: Such a change would remove a great deal of politicking from domestic (and foreign) policy development and implementation. It could provide more stable leadership in the executive branch which would be more immune to the political considerations involved in the re-election of the President.

D. The Private Business Sector Must be Centrally Involved In, and Committed to the Resolution of Our Urban Crisis: Government should provide the incentives necessary to obtain this commitment and involvement. This could be done particularly through the provision of substantial tax credits and other incentive programs designed to make the effort well worth the while for the business community. We cannot and must not depend upon government alone to solve these problems. It is especially important that we stem the tide of industrial technology which unnecessarily replaces people with machines merely for monetary profit. If technology leads to new jobs and industrial expansion and this is coupled with a determination to train and hire the poor, the national interest is well served. If such technology leads simply to higher profits, limited expansion and reinvestment of capital and fewer jobs, the national interest is jeopardized. Government must help show the way.

E. Middle and Upper Income Citizens Must be Re-Attracted to the Inner City: In order to accomplish this, the city must again become a safe, clean, attractive place in which to live. Governmental support for middle income housing and overall upgrading of the quality of life in our cities is necessary. Obviously, people will not return unless this is accomplished. Massive tax credits should be given to middle income people who remain in central cities. The fact that one could save thousands of dollars per year by living in our near the central city could be a strong draw especially if housing is made available through governmental support at a significant level. Although in the short term the government may suffer some loss of tax revenue, in the long term, less rather than more tax money would be required to support citizens in the central city as welfare, crime and other drains on the federal purse strings are relieved.

F. Many of those Now Trapped in the Central City Must be Helped to Move Out: This would improve access to jobs in industries which have left the central city. It would also help to make room for middle income people who must be brought back. Such an effort is sure to encounter considerable resistance from those who have fled the central city in an effort to escape contact with poor urban blacks. So be it, but strong national leadership must resist these pressures and move assertively ahead in dismantling to some degree the huge pockets of urban poor who now reside in the inner city. We would do well to try to effect these residential patterns in a few demonstration cities in order to establish the fact that if properly implemented, these efforts can be successful with very few of us losing anything in the long run.

G. Untold Millions of Federal Dollars which could be Used for Domestic Programs Are Lost Through the Fraudulent Misuse of Public Funds: The federal government may well be the biggest sucker in the world. Many of the dollars which Congress claims it lacks are siphoned off by virtually anyone with the determination and opportunity to steal from the government. While millions of people are outraged by the relatively small amount of money obtained by welfare cheats, well educated citizens including professional people in both private and public life steal millions upon millions from the government principally through overcharges. The problem is rampant in the health care industry and doctors are among the biggest thieves. Overcharging, massive cost overruns, and outright graft is widespread in the defense department. If the extensive frauds could be minimized, Congress would find itself with a great deal more money to apply to domestic problems. The federal apparatus to contain and substantially reduce this problem must be instituted and the task pursued as a matter of national policy.

H. Our Criminal Justice System Must be Overhauled from Top to Bottom: The U.S. Department of Justice and other relevant agencies should be charged with the task of doing so. They should be provided the resources necessary to carry out this important task. Congress must enact the necessary legislation to correct the problems inherrent in this system.

I. Since it is Generally Recognized that Our Welfare System Does Not Work, That System Too Must be Thoroughly Revamped: People on welfare who have the capability of ultimately becoming self-sufficient must be given the guidance and support necessary to escape from a system which not only maintains them in poverty, but which degrades them as well.

J. Government Should Go into the Gasahol Business in a Big Way, Training and Using Low Income Urban Dwellers in Particular to Produce this Product or a Similar One, in order to Significantly Help Ease the Nation's Energy Shortage: A possible role could be for the federal government to provide large sums of money on a very low interest basis to minority people, possible organized as community-based for-profit groups, to build and generate these plants in the inner cities. Inner cities could become centers for the production of new forms of energy. Gasahol is suggested since it has been estimated that within the next few decades most cars in this country will have the capability of running on gasahol. Since (a) private oil companies are desperately trying to keep up with this country's insatiable appetite and therefore can hardly complain about competition from gasahol, (b) since we are trying to end our dependence on foreign oil and (c) since gasahol would be produced from American grown grain, consequently helping the farmers of this country who could be rewarded for using people relocated from the cities (as described in an earlier recommendation) to produce the product (as opposed to an overuse of machines), it seems that many people would benefit from the whole process. (Alright—if you don't like this idea, come up with something on your own, but it is going to take bold, new and big ideas to solve the gigantic problems that we face in trying to save the cities of this country and the people in them. More of the same old, tired, ineffective approaches just won't get it).

These are only some of the broad recommendations which are very much needed and which should be addressed through a new era in domestic policy development and implementation. I must express my view that I fear that these suggestions will most likely fall upon deaf ears. It would appear that Congress does not care because the people do not care. Most Americans seem content to await the inevitable collapse of our way of life which will surely come if too little or nothing is changed.

III. THE MIAMI RIOT OF 1980

Much has already been written about this event. As a person who lived through it, on the streets for virtually all of the four day nightmare, I do not find it easy to speak or write of it. This review will be brief.

The so called McDuffie Riots were gruesome. They were spontaneous in their eruption, catching the vast majority of the community by complete surprise. They came as a direct result of the verdicts in the McDuffie case which was a notorious and bizarre case, but nonetheless, one which could have occurred in any city in this country. The case involved the brutal killing of a black insurance executive by several white police officers, all of whom were acquitted by an all white jury on May 17th in Tampa, Florida, where the case had been tried after a change of venue was granted.

At least sixteen people were killed, most of them black, and damage estimates exceed two hundred million dollars, making this the most costly civil disturbance in American history.

Of course, the question persists: Why did these riots occur? The answers to that question, and there are indeed several answers, may be found in the so called Kerner Commission Report of 1968 on civil disorders in this country. There is nothing new, except perhaps a somewhat different conclusion which I have reached, relative to how these factors may be interpreted. This will be discussed later. The efforts by the Administration and even by the President himself to paint Miami as a unique community with special circumstances is sheer folly. Miami's tragedy is America's tragedy. What happened here could have happened any place in this country, given in 1980 the existence, perhaps to an even more serious degree, of problems in America as outlined so thoroughly in the Kerner report. It was not the refugee problem. It was not a failure of the local black leadership. It was not competition between blacks and Hispanics. It was not the press coverage of the case. It was not the weather nor the tooth fairy.

It was the utter collapse of our system of justice and the widespread belief in the black community that a vicious crime against an innocent black person had gone unpunished. The McDuffie killing was a thing taken quite personally by a great many black people in Miami, including myself, merely because it reaffirmed our individual and collective vulnerability. It said to us all, "This could have happened to you." I think that this explains, at least in part, the particularly heinous nature of the riot. It was an act of revenge. The white people who were killed in this riot were not killed because they got in the way or because they provoked a confrontation. They were killed because they were there and because they were white.

I did hear people, in the course of the riot, speak of several other racially sensitive cases which had preceeded the McDuffie verdict. Feelings ran high about those cases too and their occurrence cannot be separated from the riot in that they were, most probably, substantially contributing factors. I heard some discussions too about the perceived (and I think actual) duplicity in U.S. Immigration policy with respect to the Haitians and the so-called Cuban boat people who were then flooding our South Florida shores in great numbers. But these indicators in no way compare to the extent of the outrage expressed in the course of the violence about the McDuffie case itself.

There have been discussions subsequent to the riot about the long standing plight of Miami's black population as a contributing factor, especially with respect to jobs, housing and so forth. Frankly, I do not believe that our people took to the streets because they did not have jobs or adequate housing and such things as these. If these were the real reasons and the McDuffie case a mere spark, then Miami's riot of 1980 was the first time that I know of in which blacks have rioted for those reasons per se. If the lack of jobs and such did in fact lead to rioting, black people in this country would be in a constant riotous state. These factors, in my view, were important only to the degree that such factors contribute to the evolution of a black sub-culture in which rioting is accepted as a legitimate form of social protest. This is quite a different thing from rioting because one is poor or out of work or even hungry. Actually, the position I advance is moot. Whether people rioted because of these factors or because these factors or because there factors led to social conditions which condoned, if not welcomed, the act of rioting doesn't matter in the final analysis. It remains nonetheless imperative that these conditions be removed less we see even more violence in our inner cities.

[From the Miami Herald, Jan. 6, 1980]

The McDuffie Killing—A Black Leader Cries Out: What's Next?

(By Marvin Dunn)

Arthur McDuffie, 33, divorced father of three children, insurance executive, former military policeman, died Dec. 21. He allegedly was attacked after being stopped on a traffic violation. Four officers of the Metro Public Safety Department have been charged with killing McDuffie and a fifth with helping them to cover up the incident. Here is one response to McDuffie's death, written for The Herald by Dr. Marvin Dunn, associate vice president of Florida International University.

I sat through the McDuffie funeral in a pew next to the family. Mostly I watched McDuffie's 8-year-old daughter, Shederica. She seemed to be reacting alternately between bewilderment and grief, her pretty face serarching about the church for some sense of meaning and understanding of the intensely emotional events that were rapidly occurring around her; screams, people fainting, a few hurling their bodies toward the flag-draped casket. Then she would withdraw, clutching her mother, and I could see her lips moving. "My daddy, my daddy," she seemed to be calling.

I have a 7-year-old daughter. I kept thinking, "My God, that could be my little girl." And it could have been. That is one of the things about the McDuffie killing that reaches down into the very marrow of every black person in Dade County—"my God, it could have been me." It might have been just a little bit easier to adjust to emotionally if McDuffie had been a small-time hoodlum, a pimp, a junkie—anything. But he wasn't. He was as good a man as any of us and probably a bit better than most.

So what were we all doing in that church and why is it that now Shederica and the members of her family must face life without this man whom they all loved so well?

Earlier in the day, I had gone to the McDuffie home. I spoke briefly with his mother, a woman whose grief-stricken face this community knows so well. I wanted to tell her that the community was with her, that we would not let it drop after Arthur was buried. When she entered the room, I was surprised. She was composed, almost calm, a tower of strength, I thought. "Son," she said to me after I stumbled through my less-than-articulate reassurances, "you all young people have to remember, that could have been any one of y'all that they done this to." I had known her to be right before she had said it, but coming from her it had a special significance.

Sitting now in the small crowded church, almost within reaching distance of the casket, watching Shederica, the significance of it was overpowering.

When it was all over, driving home, I had this intense need for a triple shot of scotch and a quiet place to think. This McDuffie thing is going to be with us for months: the investigations, the trials, the appeals, the yet-to-be-scheduled forums, meetings and debates about how to keep it from happening again. All of us, black and white, would do well to get geared up for it. A triple shot of scotch is as good a way to begin as any.

Many whites are about to learn what most blacks have known all along: there are good reasons, even in 1980, for black people to be leery of at least some white police officers. Because we don't know in advance which ones represent a real threat to our lives, most of us are suspicous, if not afraid, of all of them. Perhaps some progress was being made to reassure blacks that the police are not to be feared, but the McDuffie killing has rekindled the fire. The road back to some degree of cooperation and understanding between blacks and police officers is going to be a long one.

A part of the problem is that cries of "police brutality" have been coming from the black community for years. They are almost always dismissed as self-serving or unsubstantiated. When it boils down to the word of an individual citizen versus that of a police officer, the officer is given the benefit of the doubt, if not simply assumed to be telling the truth. Of course the McDuffie case won't change that. It won't change it because in this case McDuffie hasn't said anything. McDuffie is dead. It's the medical examiner's word against that of the officers involved. It is unsettling to think that if McDuffie had lived—crippled or brain damaged perhaps, but alive—his case would probably not have gotten very far either. Had he lived it would have simply been his word against that of a dozen police officers.

This is yet another of the peculiarities of the case which so enrages blacks. Why did McDuffie have to die in order to get his day in court? What about the many who have lived to tell their stories, only to have their accounts dismissed through the police internal review process?

In the days since the killing and the shock waves of publicity which have followed, the mood of the black community has not been difficult to fathom. Outrage, certainly, but a sort of lingering numbness, too, that just won't leave. Many are depressed, sullen, cynical, fatalistic; others are agitated but with no sense of what to do. There is no single event which can stun a community of black people more profoundly than the unjustified and vicious killing of a black person by police officers. At the very heart of it, for many blacks, is the sense that there is no one to protect us; that even the police are our killers. I have heard many, many people say this. Actually, I don't really believe that this is true. Most police officers do not go around killing black people as a matter of course. To assume that they all do, or that most of them do, is very unfair to the many who are as shocked and saddened by all of this as we are. But the cynicism persists and the anger swells.

But just as I have difficulty believing that most or all police officers represent a threat to us, I have just as much difficulty accepting the proposition that the ones accused in the McDuffie incident are really "bad apples" and that there is little if anything for blacks to fear from other officers. This simply isn't true. Quite apart from the McDuffie incident, there are dangerous violent and racist police officers in Dade County's Public Safety Department (PSD). There are some with the City of Miami department, too, and with South Miami, Coral Gables, Hialeah and with practically every police organization in this community. How shall we be protected from them? These must be identified and weeded out if they are policemen already and kept out if they are applicants. It is this problem which stands as the ultimate challenge to this community as a result of the McDuffie slaying.

The moods of the black community will now be determined by what happens with the case against the accused officers. The filing of manslaughter charges against the officers has been seen as adding insult to injury. I agree. It could be pointed out that it is possible for someone convicted of manslaughter to be out of jail in a matter of months. Some people who have been convicted of manslaughter haven't gone to jail at all. The question of whether manslaughter or second-degree murder charges were to be brought seems to have hinged on the issue of whether McDuffie took a couple of swings at the police, presumably before the melee started. Whether McDuffie, a man of very slight build, took a swing or not should be irrelevant. The man was surrounded by several police officers who undoubtedly knew how to subdue and handcuff a small man without necessarily having to strike a single blow.

Something other than McDuffie's potential danger to them set these officers off in a frenzy of beating. If the charges prove true, the result should be a conviction of murder, not manslaughter. Whether McDuffie took an initial poke should be irrelevant. Many of us are asking: If the victim had been a white man surrounded and brutally murdered by several black police officers, would the charge still be manslaughter? If those involved had been black, would they be free and sitting at home watching football playoff games?

To return now to the question which so many blacks are asking: can this happen again? Clearly the answer is "yes." It is certainly true that acting director Bobby Jones and his top officers have responded swiftly and responsibly. The word on the street seems to be that they are worthy of the respect of the black community. But there is a question which refuses to go away: how many others are there in the PSD and elsewhere who could and would do such a thing? Are we really safe from the police?

Frankly, I do not believe that police officers all of a sudden become brutal killers. Surely hints are given along the way that instability, poor judgment, hostile racial attitudes and a proclivity to inflict injury exists in certain officers. Knowing this as surely they must, what can PSD and other police bodies do to remove such persons at least from potentially explosive confrontations with the public? Beyond this, how can some be removed from the department entirely? How can psychologically unsuitable applicants be screened more effectively? What is the kind of training that—aside from firing weapons, writing tickets and emergency-rescue procedures—police officers need? It seems to me that the true test of a good police officer does not necessarily involve any of these things, but rather how well the officer is able to handle severe emotional stress over a professional lifetime. What does he or she know about people and how to handle them? Finally, what about the police internal review process itself? Does it only work in the most extreme cases? Should the public and the media have open access to internal review records? Will the watered-down panel approach, recently adopted by Dade County, really serve the public purpose in the large number of cases which will never receive the kind of focus which the McDuffie case will obtain? These are the long-term questions which the McDuffie killing must cause us to address.

Reassurances and expressions of regret will not be enough. Imprisonment of the guilty ones in this case will not be enough. Every police organization in Dade or Broward counties must come together with the black community and work towards an effective resolution of these and related questions. For any police organization in

Dade to assume that it is a PDS problem is the essence of self-deception. All of them, in one way or another, confront the same problem with at least some of their officers.

In the meantime, it will be quite some time before things return to normal in the black community. In a sense, this sort of thing is never really forgotten. Certainly Shederica will never forget the last brief glimpse she got of her father as they gently rolled his casket over to her seat for one last look. Her lips were still moving; "My daddy, my daddy?" she was still saying.

It was at that point that I started to cry, too.

[From the New York Times, May 20, 1980]

MIAMI'S EXPLOSION ISN'T MIAMI'S ALONE

MIAMI.—Since the riots of the 1960's, white America has been lulled into believing that racial violence is no longer a real possibility in this country. America embraced this conclusion despite obvious, ominous signs that urban conditions—especially economic conditions—have been deteriorating rapidly in the last few years. The eruption here, which has resulted in at least 15 deaths and 370 injuries as well as property damage in the millions of dollars, brings a sudden shock that America remains a racial powderkeg. The public is now confronted with an uncomfortable question: Could it happen in my community? The Miami experience suggests the answer is yes.

To fully comprehend the implications of Miami for America, it is necesary to begin with an assessment of the Carter Administration's role in dealing with urban problems. The Administration has never had a true commitment to resolving the key urban problems. It has been particularly nonresponsive to deteriorating economic conditions in our cities. There has been much talk but little action. Most Americans do not even know the identities of the key Administration figures who develop and direct national domestic policy. The result has been a domestic nonpolicy—and even certain approaches, for example in social welfare, that have hurt cities more than they have helped.

President Carter's recent open-arms and open-heart statement on the flood of Cuban immigrants into southern Florida is an example of such a deleterious policy. There seems to have been very little, if any, appreciation of the impact of crowding tens of thousands of immigrants into an already ethnically explosive community—indeed, a community in which blacks have consistently complained of severe economic and political displacement by a huge Hispanic community that already resides here. The flickering flames of discontent were further fueled in recent weeks by the perception in the black community that black Haitian refugees were being welcomed. In Miami's riot-torn streets on Saturday night, a cry against unfair immigration policies was audible and bitter.

But the primary spark was the beating to death on Dec. 17 of Arthur McDuffie, a black Miami insurance executive, and an all-white jury's acquital, in Tampa on Saturday, of the four white police officers charged in that traffic case. Only the most cynical were prepared for acquittals. Soon after the news flash, white people were dead in Miami streets. The McDuffie affair was simply the last straw in a series of failures of the criminal-justice system to respond effectively to blacks. The case represented only one instance in which blacks have been victimized by white police officers who every time have escaped substantive, punitive action. The fact that the jury in this and other highly sensitive and potentially volatile cases was all-white added insult to injury. It defies belief that in 1980 there yet exists in America such an insensitivity to the potential dangers of all-white juries' hearing highly explosive cases such as this one.

In Miami today, the situation remains tense. Nothing has been resolved. The violence has been merely controlled—for the moment. Dade County's black community, some 220,000 people, awaits some sign of an effective response to the underlying cause of its most recent tragedy. But what should such a response be. And to whom should such a response be. And to whom should we look?

Upon the restoration of order, it is clear that there are at least two things that must be addressed in the long term.

One is the realization that local judicial systems cannot be depended upon to deliver justice in cases of police abuse of power, especially when such cases result in the loss of life. This is not merely a black problem; had Mr. McDuffie been white, he would still have been beaten to death. It is also clear that after-the-fact intervention of the United States Justice Department here, and potentially elsewhere, is not an adequate response in such cases. What is needed is development of a continuing mechanism of early intervention by the department in extreme cases of local abuse of police power, especially those that result in the loss of life—whether the citizens involved are white or black.

The second step that must be taken at the Federal level is a complete reexamination of the laws that determine the jury-selection process and a clarification of the concept "a jury of one's peers." This must be done to assure that black people who are accused before the bar of justice are not tried by all white juries; it must also be assured that cases involving blacks who are victims of crimes are not tried by all-white juries.

In the meantime, in Miami a shocked and saddened community of white, black, and Hispanic citizens anxiously awaits relief from the long horror that grips this beautiful place in the sun. The civil-rights problems that produced Miami's riots are national, not local. Just the clear understanding in Washington of that fact would be a first step in the right direction.

[From the Miami Herald, June 18, 1980]

JUDGE: JUVENILE SYSTEM FAILS

(By Al Messerschmidt)

The juvenile court system is doing nothing to help repeat offenders, said a Circuit Court judge who described the system Tuesday as "at best a holding pattern."

"At worst, it's some sort of imagery for the public so they think something important is happening to the juvenile delinquent," said Judge Seymour Gelber. "In truth, that is not so."

In a detailed, statistical report, Gelber profiles the hard-core juvenile delinquent and concludes that "the kids who really need the help get little, if any."

The hard-core offender is from a poverty-income family, lives with a divorced mother, is unemployed and is a truant, Gelber's report states.

If the offender is Latin, he steals cars. If he's white, he burglarizes homes. If he is black, he prefers robberies and often assaults his victims.

In 1977, Gelber, a juvenile court judge since 1974, wrote a similar report. That report described the relationship between juvenile crime and the school system. "Our rehabilitative emphasis has been misplaced," Gelber said then.

"Today, our youth are veterans of the court system," said Gelber in the current report. "They seem to thrive as they continue to practice their criminal activity, apparently untouched by involvement with the system."

To prepare the report, Gelber examined the cases of 495 juveniles. All appeared before Gelber, facing serious charges, between September 1979 and April of this year.

Gelber's statistics show that:

Black and white juvenile crime decreased, but Latin juvenile crime "rose steadily over the three-year period" since his 1977 report. Blacks were involved in 55 percent of juvenile crime in 1977 and 52 per cent in 1980; Latins committed 14 percent of juvenile crime in 1977 and 20 percent in 1980; and whites committed 30 percent in 1977 and 28 percent in 1980.

Black juveniles committed "over half of all serious juvenile crime in Dade County" although blacks are only 15 percent of the county population. Black juveniles commit 90 percent of all robberies, 54 percent of assaults and nearly 56 percent of home and business burglaries.

Latin youths commit more than 41 percent of teenage crimes involving vehicles. Almost half live below the poverty level. The crime rate among Latins in Gelber's court has increased 6 percentage points since 1977.

White juveniles "prefer burglary, but more particularly household burglary as their specialty." More than 43 percent of crimes committed by white juveniles are residential burglaries.

"Poverty, plus family break-up, followed by a female heading the household, add up to delinquency for black children," said Gelber.

Nearly 83 percent of black juvenile delinquents live in one-parent homes, he said. Nearly 73 percent of white juvenile offenders live in broken homes.

The addition of a new parent "will likely worsen rather than improve the situation," he said. In 60 percent of cases before Gelber, substitute parents were "in serious conflict with the delinquent child."

About 78 percent of black delinquents live in a family of four or more that has an income of less than $10,000 a year. About half of Latin juvenile offenders are members of poverty families. "The fiction that Anglo delinquents come from comfortable middle-class homes is somewhat dispelled by the fact that 38 percent are in the below-poverty-level category," the judge said.

Recidivism—the same juveniles' committing crimes again and again—"is the most damning indictment of our juvenile system," Gelber said.

Of cases included in the judge's 1977 study, nearly half the juveniles have been arrested 10 times, and some as many as 20 times, between 1977 and 1980.

Gelber said that the first three months following a juvenile arrest are a "danger period" when the hardcore offender is arrested and re-arrested again and again. Sixty percent of juveniles appearing before Gelber were arrested again within three months, according to the judge. Nearly 20 percent committed another offense within two weeks.

"The high early recurrence may be due to the slowness of the criminal justice system in responding to the problems of the delinquent," Gelber said. Court continuances and delays create "a vacuum for the delinquent that is often filled by new offenses."

"I think the system as it's developed can't deal any better," said Gelber in an interview. "It's not structured to be more responsive. The best you can do is to try to skim the cream, to get the marginal kid."

In the name of rehabilitation, large numbers of first and second offenders avoid prosecution and are referred to social agencies with little follow-up, Gelber said.

The judge offered one suggestion to improve the system: Lower the juvenile age from 18 years old to 17 or 16 years old.

Eliminate the "so-called mature juvenile or set up criteria where older juveniles committing serious crimes will be transferred for prosecution in adult court," he said.

The Dade County Grand jury, in a May 14 report that was critical of the juvenile justice system, offered the same recommendation.

The CHAIRMAN. Dr. Dunn, I would like to thank you for a very powerful and dramatic opening statement.

You mention near the end of your statement that Miami is not unique, and that Miami's tragedy is indeed America's tragedy, and I agree with that.

I also agree, given these particular hearings, that many people look at Washington, D.C., as if it is indeed a unique urban center, and I don't believe that it is unique, and I believe that Washington, D.C., is experiencing an incredible tragedy at this very moment and that that tragedy is also America's tragedy, and so, to that extent, the tragedy of every urban center in this country is America's tragedy.

Now, against that backdrop, I would like to comment on one other statement you made and then go to some questions. You have indicated that, in effect, with all due respect, these hearings will probably come to naught, to use your term. I am in absolute agreement with you, that given the Congress of the United States at this moment, and given the leadership of this country at the moment, that is probably the case.

And the question that we have to deal with in developing the motivation to go forward even in this incredibly insane, insensitive, reactionary atmosphere and climate that we find ourselves in at this moment is to simply say even if we are alone in raising these questions, then we have to go it alone. Even if it means cutting against the grain of our colleagues, as you so aptly stated, who are more interested in being labeled conservative, because that is a red badge of courage—maybe they don't want to use the term red, but it is a badge of courage for them—we decided that even if it were a feeble voice, that someone had to demand that the political process have some integrity and that means that issue orientation has to be considered.

The press deals with America's politics in personality terms. On the international level, I saw the other day CBS did a story on the President's trip to Europe, and it was like the Super Bowl; it said the President versus the allies. And I sat there thinking how incredibly tragic, what a blatant disregard for my intellect, assuming that the problems of this country are President Carter's problem and I am not his ally, his great friend, but in that situation I thought that was insane, but that is the media's approach to America's problem.

In some cases it is political; it is the President's personality. You look at these most recent campaigns; it has been Jimmy Carter, Ted Kennedy, John Anderson, et cetera, and the only time anyone ever looked at an issue was when all hell broke loose in Miami and people said maybe there are still some problems around.

We are holding these hearings to underscore the notion that there are problems around and they are in the urban centers, and you may be right that nothing is going to happen. But I think at least history will record somewhere along the way some group of people took the time to say: First, these are the problems; second, these are the ways you can go about solving those problems, and here is the cost; and third, here is the cost of not addressing those problems.

If this society chooses not to deal with it, let it choose not to deal with it in the open light of day and not be ignorant about that.

COST TO THE COUNTRY

With respect to that latter comment, Dr. Dunn, I would appreciate it very much if you would comment on what you perceive to be the cost to this country of not addressing the myriad of human problems you articulately laid out in your opening presentation.

Dr. **Dunn**. Well, it is very easy for me to conceive of the inner-cities of our country being fortresses in which black people would be literally locked up, occupied by troops in order to keep down the rebellion. I think that it cannot possibly be that this country can endure indefinitely with conditions existing as they are in our inner-cities and without an ultimate violent rebellion across this country in response to those conditions. To deny that is a very likely possibility eventually in this country is dangerous.

I think the response by Government, once that happens, if indeed it happens, will be oppressive, perhaps understandably so, and that is why I see our inner-cities being occupied by troops ultimately, if not totally cleared of the people who live there.

That is a very dire prediction, but I can see few, if any, indications that we are not moving in that direction eventually, and I think that—I am trying to keep my mind open, and I think the members of this committee are—but for most of the people in the country to stick their head in the sand and ignore the fact that is the way we are going, adds to the problem.

But, as I think of it in terms of worse-case possibilities, I see the occupation of the city, the removal of massive numbers of people into detention camps; I see the complete separation on the races; I see reactionary, very, very conservative government coming to the dominant fore, and those are the kinds of things that I foresee.

The **Chairman**. Thank you, Doctor.

I have another rather broad question that I would like you to address.

You recall earlier this morning I mentioned to Dr. Flemming that we are operating within the framework of a particular set of budget priorities that speak to the balanced budget and speak to fighting inflation, and a rapidly rising military budget that contemplates the spending of over a trillion dollars in the next 5 years.

My question is, does it seem likely that the most serious problems faced by Miami, Washington, D.C., or other cities of this country can today be solved within the framework of our Nation's present budget priorities?

Dr. DUNN. Absolutely not. I think the President is ill advised to pursue this course, and if the Congress follows him in it, I think the Congress is also ill advised.

It won't make a lot of difference whether the budget is balanced, as I understand it, in terms of trying to address the kind of problems the President intends to address with this process. It is in complete contradiction of the realities of the day, and although I think I understand for political reasons why it is necessary for the President and others to insist on a balanced budget, I think that in response to your question, it does not fit; it cannot fit with what has to be done if this country is to be saved.

The CHAIRMAN. I yield to my distinguished colleague.

Mrs. FENWICK. Thank you, Mr. Chairman.

STATEMENT OF REPRESENTATIVE FENWICK

RECOMMENDED CHANGES

I think everybody present was deeply moved by what you said. I think you certainly addressed some of the most important questions, and I must say almost without exception I agree with every single one of your recommendations. We can go step by step through what you have recommended, and see what happens.

Businesses in the central cities: What do we need in the way of employment in the central cities? That is section (d) of your recommendation. Excellent. What happened? We had in the South Bronx a very fine group, Latin Hispanic mixed group, trying to do some rehabilitation of housing. They sent a list to the New York Times, where it was published, of 10 things that Government was doing to frustrate them.

I circulated that list among some of my colleagues here. What did it run to, special interest groups, realtors, labor, any one of a number of groups that would not allow what this self-help group said they needed in order to be able to pursue their efforts at rehabilitation and get this housing at some cost people could afford.

You are so right about gasohol. It is interesting you brought that up. Mayor Gibson, of Newark, an old friend of mine for many years, said to me, "I don't weep when 120 Ph. D's leave Newark; I weep for my breweries." What we should be doing with tax incentives and anything else we can do is develop within the cities the kind of employment people can use at once.

PRISON REFORM

Every single one of your examples—prison reform, for example—I worked as a president of a prisoners' aid group in New Jersey for many years. There isn't a prison in my State I haven't been in. You are right; we are not paying any attention. The public is absolutely unwilling to put up the money for any kind of new or different prison that would be constructed in a different way.

When the business gets a good training program in the prison so we can have some jobs for the people who get out, it is torpedoed by professionals who want to be employed.

So much of this is done not from malevolence, but from ignorance, pushed sometimes by self-interests of specific groups, there is no doubt. I don't know where we are going to go with it—how we are going to get what you so rightly say is essential. There is no way of dodging it. These are things that are going to have to be done.

HOUSING

The question of middle-income housing, for example, that you bring up, in the cities, so that we would have a mix everywhere, is what we should have everywhere; you can't get that.

There was some plan to have in the Housing Subcommittee of the Banking Committee here, some money put aside toward middle-income housing. That was cut out so it was entirely low-income housing. If we built proper low-income housing, it wouldn't be so bad. But despite the Colonel Lindsay report of 1958, which says no family should be put in high rises, we continue to build them.

Sometimes you despair. You wonder whether Government is totally operated blindly. And these enormous sums—Professor Dunn, I don't know how we get them properly addressed, and when you say evaluation of programs, you are so right. It is an endless struggle against a whole bureaucratic tangle which has developed with laws that protect certain groups and sometimes done for good reason. I think what you have addressed is so absolutely important.

I am going to see if you have any extra copies of these recommendations so that we can disseminate them among our colleagues here on the floor; that is what I plan to do. If you have no extra copies, I will Xerox it, because there is scarcely one thing you have mentioned that I have not been trying to do.

With respect to the criminal justice system, you are so right, equal justice under law is supposed to be the absolutely definitive reason for our self-respect in this country. Not to have equal justice under law is a disgrace, and the sense of injustice that produces. You are so right, people can say maybe I am hungry because I messed up that last job or something, but equal justice under law is absolutely the burning feeling inside; that is what makes the trouble.

I don't know, Dr. Dunn, if you have any other suggestions along the lines you would like to develop in these recommendations. How the private sector must be involved, I couldn't agree with you more. I was speaking just the other day to see if we couldn't get the Ways and Means Committee to have some arrangement in some of these things to have tax exemptions for businesses that would set up employing at least 75 percent of local people, and give them some tax breaks the way we do for Puerto Rico, you know.

If you have any specific suggestions, it would be most helpful, and you may be sure that I will push these as hard as I can with the committees of the Congress.

Is there anything you could add now?

Dr. **Dunn**. I would not add, Mrs. Fenwick, any additional ones, although I am sure there are many areas I did not touch upon. I think that the chairman of the committee put it very eloquently, and that is at least input ought to be solicited and at least issues should be raised, and if they be ignored, they be ignored at our peril; that we at least know we are not addressing these issues.

CONGRESS

Far be it from me to criticize the Congress of the United States, but I think the Congress is a big part of our problem, and I think the way in which it is structured, the way in which it is organized, the way in which power is broken up here—I am just a guy from Miami. I don't come here very often. But it seems to me it is organized in such a way as to work against itself and against decisions being made and against commitments being made, and against things being decided on the basis of their worth as opposed to being decided on the basis of political office and so on.

I think if Congress wishes to clean up the country, it must first depend on cleaning up the Halls of Congress, itself, and the way it operates. Those of us who are invited to come and present ideas and are willing to do that, may get only as far as the hearing table, and if the members of the committee—this committee and other committees—cannot solve the structural endemic problems of the Congress, themselves—cannot pick up these things and run with them—I think the examination must begin with this body.

Mrs. **Fenwick**. You see the problem, for example, with the housing. I am sure that the members of the committee who voted that out were well intentioned, if you see what I mean. They said middle income. Why would we be doing middle-income housing when we need so much for low-income housing? They haven't heard you. They haven't lived and studied the questions. It isn't malevolence very often that makes for the bad; it is ignorance. They don't know what the effect is going to be.

Dr. **Dunn**. I don't mean to be facetious, but ignorance in the Halls of Congress?

Mrs. **Fenwick**. Everywhere. Look at it in General Motors as to what kind of cars they produce, and you find ignorance everywhere.

Thank you, Mr. Chairman.

The **Chairman**. Thank you.

I would like to go back to a couple of questions, Dr. Dunn.

RETURN OF CITIZENS TO INNER CITY

You mentioned in your recommendations middle- and upper-income citizens must be reattracted to the innercity. Now, we have developed some preliminary data which all of the members of the committee will have soon, but that data indicates, for example—and I am sorry I don't have the figure off the top—but a rather small percentage of the population in Washington, D.C., actually have families, and that, of the people in Washington, D.C., who have families, they tend to fall into two categories: people who earn $10,000 a year and less, or people who earn $35,000 a year and over, which means that the young person, young man or woman, comes into Washington, D.C., because of the job opportunities from early 20's to approximately 34, 35 years of age; in that period of time, if they choose to marry, and have a family, whether they are black or white, they leave Washington, D.C., never to return again; never to return.

So that group of people earning over $10,000 a year and under $35,000 a year with children almost doesn't exist in Washington, D.C.,

Now, when one looks at the school system in relationship to that, 89 percent of all the children in Washington, D.C., are black. Only 11 percent of the children who live in Washington, D.C., are non-black children. And a great percentage of those 89 percent who are black children tend to come from either families who are well-to-do, or familes who are very poor.

The families who are very poor have nowhere to go, and the families who are rather affluent choose not to go anywhere because they have the wherewithal to survive and function. This family group of people in the middle have been lost by Washington, D.C., into the suburbs.

Given that reality——

Mrs. Fenwick. That is fascinating. We have a town in New Jersey like that. And it is the school that is doing it. You see, when the educational system gets out of whack, you can't get those 10 to 35.

Thank you, Mr. Chairman.

The Chairman. Thank you.

Given that information, I would appreciate it if you would comment further on your recommendation with respect to: First, the ramifications of the significant population of family people moving outside into the suburbs, and second, the implications of your recommendations for bringing them back into the city.

Dr. Dunn. Yes. Well, I think already you both pointed out one of the major problems, that being the condition of the schools. I have a conception which goes something like this: I believe that one of the reasons that it is so expensive to operate cities is related to the high cost involved in trying to deal with these very serious human problems, and if we could solve those problems, the cost of operating a city would be considerably less. I think the cost of welfare support and those kinds of things would be considerably less, so that moneys could be available in the long term to shift into other areas.

HOUSING

I think in the immediate term, middle-income housing support from the Government is critical. I think for young couples starting out with children, et cetera, if housing could be provided close to the inner-city, with indeed Government support, if necessary, incentives, maybe through tax credits, not just for white, but middle-income white and black families to stay in, and near the central cities, a lot of people would do that, but the incentive to do that is not present, plus the conditions to which they would be returning are, to many, unattractive; so it requires a rather broad approach to all of those things.

SCHOOLS

I think some of the best schools in this country could be operated in the inner cities if we were committed to that. I think our cities could be cleaned up if we were committed to that. I think the reality is that there are people who are so far gone in terms of a commitment to crime and to antisocial behavior, small in population though they may be, they are there, and they are dangerous, and that is a reality. Yes, a lot of them are black, and I think we have to deal with the threat that that very small segment of the population——

The CHAIRMAN. Would you yield at that particular point?

Dr. DUNN. Certainly.

ROLE OF FEDERAL GOVERNMENT

The CHAIRMAN. If your assertion is correct, and that is that we could develop exemplary educational institutions and other institutions to serve people in the cities is correct, do you see a role for the Federal Government in moving us to that point? Can local cities do it alone?

Dr. DUNN. I don't think they can do it alone; I think they have to have support from the Federal level. I think they have to have guidance in terms of policy recommendations and suggestions, and expertise, such as may exist from the Federal level, and I think other kinds of incentives that might be brought to bear through the Federal system to promote and encourage these kinds of things to happen must be a part of it. Local governments will simply suffer through from one crisis to the next as things deteriorate over time. The Federal Government must have a strong and active role.

Mrs. FENWICK. Would the chairman yield on that?

The CHAIRMAN. I yield to the gentlewoman.

Mrs. FENWICK. Wouldn't it be a question of policy, also? New York City had those four magnificent intellectual high schools—you know the ones I am referring to—and they were done by the city, but they were for the brilliant student, and they were a great magnet, and it was very prestigious to get into them. We could do that in Washington; we could do that if we are willing. It sounds elitist, but as one of my black friends once said to me, why shouldn't we have elite, too? Why not? Why shouldn't we have black elite, brilliant black student children?

Dr. DUNN. I think that is taking a good idea and going to an extreme with it. Of course, we have to have schools for the very gifted children, but the children missing, I think, most in the public education are the children who are just average. Fortunately, special education for the children who have special gifts is not as archaic as it used to be; there are programs for them primarily through Federal support, and, yes, programs now developing for very gifted children.

Kids who are just average, who have nothing to make them exemplary, are the ones I am talking about in terms of building good, effective strong schools that can meet their needs.

But, I think the Chairman particularly pointed out the necessity to have this kind of an approach be a broad-based approach in which education and other problems are solved at the same time as you are trying to attract people back into the city, and that we make sure that process of bringing middle income people back into the cities is not a process that displaces unduly low income people who are already there.

One of the reasons it is not working now is because it is not planned, and there are no public policies to direct it, and it is an exploited process through which a few people make a great deal of money and a lot of people are left out in the cold.

The CHAIRMAN. Dr. Dunn, you spoke of the extreme gravity of problems facing the black family, and you honed in rather specifically on the female head of household. Can you think of any particular kind of Federal program or policy approach that would address this problem, or is it simply strengthening and expanding title XX assistance for them?

Dr. DUNN. I don't think it is just strengthening title XX. I think child care is critical. It is one of the things that gradually eats away at the capacity of a single woman trying to rear children. We have to do much more in that area than we have done in the past.

PARENT DESERTIONS

I think the problem of the high desertion rate of black women is related certainly to unemployment, and a lot of times I am sure the problems are personal, ones you and others here know about. These problems are interrelated and the high desertion rate is certainly affected by that.

But I think, too—this is one area in which I feel particularly strongly about—I think that we as black people have some problems we cannot blame on white people, and I think one of the things we have to look at is our own contribution to this desertion rate, and our own value system about family, and I think black men have a lot of soul-searching to do in that regard.

Maybe we have been perhaps more cavalier than we should have been, and perhaps we have not taken our role as fathers and as providers as seriously as we could have and as seriously as we should have.

Yes, there are problems I think can be addressed through expanded Federal programs, such as title XX, and through day care support for women trying to raise children alone and for pushing ahead to have housing be adequate to meet their needs, but there is only so much that Federal programing can do in terms of these very, very personal human problems, in terms of attitudes, commitment, values, and what-have-you, and maybe one of the things that we as social scientists have to finally stop saying is that white people are totally responsible for this. We have to force ourselves as a people to look at our own contribution to the problem.

The CHAIRMAN. Dr. Dunn, I would like to thank you. I just have one additional question before we conclude.

REVENUE SHARING

Your statement criticizes a number of Federal grants-in-aid programs. Are you in favor, for example, of some form of revenue-sharing formula, some block-grant approach that allows local government the option to design and implement programs to meet their specific local needs?

Dr. DUNN. It is a question of some revenue-sharing allocation formula or block grant. I tend to be very suspicious about block grants to the local government. I think these have been misused in far too many cases, and I think local governments have failed to follow through in using those block grants in the direction that Congress intended.

One example is the purchase of riot equipment, even tanks, by police departments through block grants and LEAA funds, and that sort of thing. So I think a better approach is through revenue-sharing on occasions more closely controlled by the Congress, to make sure those funds are used in accordance with the intent of Congress.

The CHAIRMAN. Dr. Dunn, again, I would like to thank you for a very powerful opening statement. I thank you for the responses to our various questions. I realize that coming to Washington, or traveling even to a number of other cities as you have been recently requested to do to speak about the plight of Black America in general, and the plight of Miami, in specific, and what that does in recalling these painful events, but, as I am sure you know, in this rather cavalier society, a few of us for a fleeting moment are on the center stage and in those fleeting moments maybe we have to endure the pain to make the world a better place for our children and our children's children.

So I would like to personally thank you very much for just being able to come here and to raise these kinds of issues, knowing from a personal point of view and from the staff how very difficult this really is. As I said, we only have a moment to try to awaken this country, and if they don't awaken, it is not because you and I didn't try.

I thank you very much.

Dr. DUNN. Thank you, Mr. Chairman.

The CHAIRMAN. The committee will stand in recess until 1:30 this afternoon.

[Whereupon, at 12:26 p.m., the committee recessed, to reconvene at 1:30 p.m. this same day.]

AFTERNOON SESSION

The CHAIRMAN. The committee will resume its business for purposes of the continuation of the hearings on the conditions of urban centers elsewhere and in Washington, D.C. and the role of the Federal Government in solution of these problems.

The witnesses this afternoon will help the committee with its inquiry into the critical urban problems facing the average citizen and how Federal assistance has helped or failed to help these problems.

Our first witness this afternoon is the distinguished councilwoman, Willie Hardy, member of the District of Columbia City Council, who years ago earned the title of activist for the civil rights movement in the 1950's and 1960's, both here in the community locally as well as nationally.

I would like to welcome our distinguished witness, Councilwoman Willie Hardy.

The Chair would like to first apologize for beginning these proceedings late this afternoon. We had a vote at 1:30, and I am very sorry.

STATEMENT OF WILLIE J. HARDY, MEMBER, CITY COUNCIL, DISTRICT OF COLUMBIA

Ms. **Hardy**. Thank you very much, Mr. Chairman, and I certainly understand the delay of getting hearings started again once you had to stop them. I had a committee meeting this morning, and I left it. It was very exciting in the beginning, and then got to be very dull.

I would like to say good evening, Mr. Chairman, and staff, and to any of the members who may have an opportunity to join you, that I am highly honored to have been asked to participate in these historic hearings. The urban problems of the eighties are the 15- to 20-year culmination of situations that have been studied to death, of mistakes of the Federal Government, of bandaid approaches that have grown to body-cast proportions and of a master plan by the few to control the masses.

The scenario of the mid-60s was set in the cities restless with more than a decade of televised, media-inspired and actual frustrations. The hopelessness and helplessness which was brewed in a black kettle of despair had only one saving ray of hope for many—a leader named Dr. Martin Luther King. The flame was high, the pot was boiling over, and when Dr. King was killed, the lid blew off, exploding the contents of hopelessness into rage. Too much was just too much.

The late 1960's was a time when the Federal Government was attempting to keep the body breathing with artificial life supports, while the heart kept dying. And now, almost 20 years later, the question arises: should the plug be pulled, or should we try to get the heart going again with new and innovative measures designed for total rebirth?

Visionless programs sprang up from the seeds of seemingly well-meaning think tanks. It's time now to look at a few of them and at the effect they have had on our lives.

One of the basic foundations of American life is the family structure. Without a firm family foundation, or even the concept of a firm family foundation, our communities are but confused, crumbling heaps. Federal programs should be designed to help strengthen family ties and to create a self-help attitude, instead of what has become a morbid dependence upon the government.

UNEMPLOYMENT AND UNDEREMPLOYMENT

Let me, Mr. Chairman, if you will, talk a little about the unemployment and the underemployment.

The Federal Government has designed programs that put parents' salaries in competition with the salaries of their children. Youth job programs are earmarked for low-income youths. The reason they are low-income is because their parents are low-income. Many of these parents are unemployed or underemployed. But instead of a program designed to maintain the traditional role of the head-of-household breadwinner, programs are funded to give jobs to the children. Thus, that unemployed or underemployed father, already dejected by being unable to obtain adequate employment and thus unable to support his family, this man receives an additional blow to his ego because his child earns now more money than he does. Compounding the situation are other programs and Dr. Spock-isms that defend the rights of children without regard for the rights of the parents. Thus, a role reversal occurs which causes a breakdown in the family life: the child becomes breadwinner under some of those programs, and the parent becomes the dependent, and sometimes one must question: Was this by design?

JOB TRAINING PROGRAMS

Further, in countless cases, future families are also threatened by these same youth job programs of today. The work ethic is not taught on many of these job sites. Instead of job-work performance-pay, it's only job-pay, with no work performance required. This merely says to the youth that the Federal Government wants to give you some money—to pay you to stay off of the streets, or to keep you quiet—the same approach taken after the burning. To delude youths in this way does not prepare them to take their rightful, responsible, contributing place in our society. For when they become too old to participate in these youth programs and learn that the real world is not that way, their frustration increases and they realize that they have been duped. The result? Anger and less respect for the system, which will be passed on to their own children.

The obvious answer is indeed more job training programs for heads of households first with job slots waiting at the end of the training.

Training programs for young adults and for heads of households should be administered, I think, by local governments with only funding from the Federal Government. Local governments should be given free rein to design and implement programs which meet the needs of the specific locality.

As an example, the needs of the seventh ward of the District of Columbia are vastly different from the needs of the third ward here in the same city. How much more different are the needs of Colorado than are the needs of the District of Columbia, and yet the same Federal programs apply with the same guidelines. Each locality should survey the kinds of skills it needs in its community before training programs are established.

I think all training programs should lead to jobs. The failure of past training programs was that too often an individual was trained for a job that never existed. A new program should be geared to create not only employees, but small business owners, to create capitalists among the economically disadvantaged population. Training could include such things a lot of people think are not very popular but are needed in a community, and that is shoe repair, air-conditioning mechanic, et cetera, training individuals to be their own bosses who can, in turn, hire and train other individuals to fill the basic needs in their community.

DETRIMENTAL GOVERNMENT PROGRAMS

Mr. Chairman, oftentimes you see the government as the parent. I suggest there are still other Federal programs that have abetted the breakdown of the family. One which bears mentioning here is designed to give medical treatment, including abortions to children without their parents' consent or their parents even being informed, and this is not only true with the Federal Government, but some local programs, in the interest of children's rights; that is the guise that is used.

The Federal Government at this point is the parent. Yet when a medical emergency arises and the parent is asked to provide a medical history of the child, the government's secret treatment could mean death for the child because of what the parent does not know about the child. Government should stop playing parent, for doing so has further crumbled the family unit.

Another program which has been detrimental to the family has been the program to give jobs to dropouts. This appeals to the short-term desire of the child to obtain money, instead of supporting the parents' desire that the child gets education for long-term goals. It does something else, too: It halts the education process; then when the child realizes what he has done is harmful to himself, he will enter into yet another program, one called GED, to get a high school equivalency diploma, which is stigmatized and is discerned on job application forms. I note on the form 171 there is a question No. 5 which says, did you graduate, or do you have a GED?

It does not, apparently, rate with the high school diploma, for if it did, there would be no specific question about it on the Federal job application forms. The incentive ought to be created so the child will stay in school, not to earn money by dropping out.

Mr. Chairman, crime in the Nation's Capitol, as in other urban areas, is a complex problem with no easy solutions. It represents a challenge to every American in the Nation, and it has many roots. Whereas many years ago the word "crime" was associated with organized crime activities, big bank robberies, and that kind of thing, today the word "crime" equates to personal fear. Fear that stalks one step behind each one of us.

Again, let's start with the family.

In the late 1950s and early 1960s, a trend emerged, developed by child psychologists, that changed the nature of discipline for children. The "spare the rod and spoil the child" philosophy by which most of us in previous generations were raised, gave way to "talking to the child," "reasoning with the child," "I'm OK; you're OK," and a multitude of other approaches to looking at the roles of family members and how they act, interact, and react to each other.

Moreover, mandatory school attendance ends at age 16 when the child is still dependent upon the parent. The law merely says you must stay in school until you are 16, but the child is still dependent on the parent.

The law says a child can cease education at age 16, with 2 more years to the age of majority, and with whatever he has learned in school, be on his own for the rest of his life. At age 16, a child is still living at home, is still eating at home, still needs clean clothes, still needs everything he needed when he was 12. If he is allowed to quit school at age 16, he becomes the eternal dependent—dependent either on family or on Government institutions, and oftentimes turning to a life of crime "to get over." I think that should change.

A deeper cause of crime is a lack of parental responsibility. For generations, it was a given that "good training begins at home," and today that has changed. Many of today's parents, however, seem to think their responsibility to raise and train their children ends when the child enters school. Then it becomes the Government's responsibility to raise, to teach, to love the child—the love including teaching respect and responsibility, and doling out discipline.

Our children really cry out for parental discipline: They test our limits, and when they find none, become as any wild creature, roaming aimlessly through jungles of confusion, and where there are no jungles, developing their own to fit their unrestricted lifestyles.

Parents, in not providing limitations for their children, have in effect turned them over to the Government's institutions—some to jails and prisons. For where else but in the home are children to learn to respect the rights of others?

Our Federal Government has fostered this attitude. In what other democratic society, for example, can you find the kinds of programs which say to parents: "Your having given birth is all you are required to do. We have programs to support all that your child wants, for your child has rights." And says to children: "You have the right even to take your parents to court for malpractice of parenting," if the parent asserts the traditional parenting role at all.

Then, in the face of untrained, unskilled, unemployed youths, the Federal Government comes along with programs to aid persons in jail and ex-offenders. I would suggest, how very attractive:

> Just keep committing crimes until you are caught; and getting caught ain't all that bad anymore, because now you have these programs to choose from that you wouldn't have access to here on the streets. The work-release program can help you get yourself on your feet.

Federal programs should be established, instead, for those who have not violated anyone else's rights, but have tried and succeeded in keeping out of trouble. I believe that if more Federal dollars were used in this way—as a reward for doing your best, instead of as a reward for doing your worst—crime would decrease drastically.

NEEDED GOVERNMENT PROGRAMS

I know that there are some who would argue that the programs I'm speaking of aid in the rehabilitation of offenders, but I am of the firm belief that programs should be developed, instead, to prevent the offense from occurring in the first place.

As an example, the drug traffic in the United States is a scandal. With all the modern technology available to us, we still allow illegal drugs to enter our country. Then when they reach our children, we send up a war cry and arrest the small-time seller with the thousand-dollar cache to soothe our consciences. The dealers with the multi-billion-dollar caches are allowed to continue bringing drugs into our country. It is inconceivable that they are allowed to do so with the rationale we are unable to stop them. I fear that the same attitude which pumped money into our streets to keep the masses quiet, now prevents efficient elimination of large-scale drug traffic, to keep our people docile.

HOUSING

The lack of decent and affordable housing is another significant problem. Federal moneys need to be poured into cities so that local governments can develop housing for everyone who needs it. Housing is a basic right. Senator Proxmire will verify that Federal moneys have been used to study why monkeys clench their teeth. Is this more important than providing senior citizens—who have given their blood, sweat, and tears to help form this Nation—a decent and affordable place to live? The present condo craze which is sweeping the country may never have occurred in the first place if the housing supply was adequate.

The Federal Government must streamline its housing programs. It must clarify and simplify the maze of Federal regulations which apply to these programs. Many local developers, both profit and nonprofit, have said to me that they will not involve themselves in these programs because of the confusion as to what they must do—they are never very clear on that—and because of the paperwork and time involved once they have decided to use a program. I also suggest that the Federal Government loan money directly and not use the lending institutions as intermediaries.

Public housing construction, in its present form, must cease, and present public housing must begin to take on a different look and feel, for public housing projects are like slave quarters on a plantation—Government-owned. Dignity and pride can become essential ingredients of living in Government-owned housing, if it is planned for limited mixed use, thereby fostering upward mobility.

I just feel that all Government programs should have the common goal of rendering themselves useless by giving individuals the opportunity to ultimately stand on their own. Only then should a program be seen as worthwhile. I can think of no Federal Government program—and to be honest I can't think of any local program, really—that has worked themselves out of a job without having to be replaced by another program.

Again, public housing is an example of this when we know families who have lived in Government-owned housing for 30 years or more. For there has been no program, no effort on the part of the Federal Government, to help those families raise their standards of living. Instead, the Government has seemed to have intended to "keep poor people in their place"—on plantations—dependent upon the Federal Government for public assistance, public housing, public medical insurances, public food aid, with nothing better to look forward to.

In conclusion, I would suggest that Federal programs be redesigned and redirected toward restructuring and supporting our families—the traditional, old-fashioned families that worked so well years ago, when we could walk the streets and not be afraid of our children. Traditional families that worked so well, you could drive up the street at night with your car windows down, without fear of being kidnapped. Families that worked so well, children respected and obeyed every adult in the neighborhood. Families that worked so well because heads of households felt esteemed and supported by their society, for they could earn money and raise their children, instead of vice versa. Families that worked so well because parents took a deep interest in their children's education and looked over teachers' shoulders, demanding quality of both teacher and child. Families that worked so well that jail was a stigma instead of a way to succeed. Families that worked so well because love and respect, love and responsibility, love and caring, blinded the children to their poverty, lack of luxuries and having every whim met.

Our Nation needs to get back to basics, Mr. Chairman. For without what we used to have, we will always have what we have got, never attaining what we need and deserve.

I thank you, Mr. Chairman.

The CHAIRMAN. Ms. Hardy, I thank you very much for your opening statement. It goes without saying you raise a number of very controversial issues, a few of them I would like to go into with you.

You first of all suggest that some federally-sponsored youth employment programs contribute in your terms to the dissolution of already troubled families by raising the status of the young people as against that of their parents.

Ms. HARDY. Yes, sir.

The CHAIRMAN. And you suggest that it is the parents who should be trained. But in the course of your remarks, you also make a very favorable reference to the issue the work ethic, and I am trying to understand whether that is not a contradiction, for, on the one hand, you suggested parents should be trained to work instead of the youth. Would this not run counter to the whole question of the work ethic because you suggest in one part of your testimony that young people are not learning the necessary habits for the development of a work ethic?

Could you reconcile those?

Ms. HARDY. Yes, sir; what I was doing—let me speak to what I think is the most important one, and then I will go to the non-training on the jobs.

I am talking about programs that are set up. I have, if you would permit me, Mr. Chairman, to talk about a personal issue.

The CHAIRMAN. You may proceed.

Ms. HARDY. I am the mother of seven children. The most unfortunate thing happened to me; my husband died 10 years ago. Prior to my husband's death, he purchased some cemetery lots, as all of us have to go that way. He numbered those graves. I have a very brilliant daughter; I think she is very brilliant. My No. 2 daughter, who was in high school at that time, was in the 11th grade, at which time she said to us, not arrogant, just sitting talking, she said, "You know the government loves me more than you do."

Mr. Chairman, she said:

> The Government has set up a level of income that you may make before I can get a job. A lot of my friends are getting jobs this summer, but I can't get a job because you have filed your income taxes, and you have put on this form and you put $100 over the poverty level, and I cannot get a job.

But she said, "I found out there was another program that if I drop out of school, I can get a job."

PROGRAMING SCHOOL DROPOUTS

And she was very smart, so she figured 3 months off for the summer and until December she would have been out 16 months required by that program, and she could get a job, and that, I think, is where the Government encourages dropouts.

Then, I say, the other part is if we had made $100 less in our income, what needed to happen was that either I needed to be aided to make more money, or my husband raised to a higher income level, because when the child gets a summer job because a parent's income is low—and I have known in some of these programs that the child will bring home in the summer more money than the father was making if there was a rainy week, and that is what I am talking about.

Not instead of hiring the youth, but I am saying make that the preference and make really—traditionally, as you and I both know, to work is a right in this American society, not a privilege.

So what we have done now with these kinds of programs is you have right now a neighbor's daughter who is the same age as my daughter, whose family is receiving public aid. My daughter cannot get a job because of the income level and, the little young lady who is receiving public aid refuses to take the job because that is a stigma.

So what I am saying is if we could design programs and tell people that to work is a right and not a privilege because of your income and certainly see that if the income of the family is going to be the criteria for a child getting a job, that then we are saying those parents who have struggled very hard to raise their income $100 above what I think is a very false poverty line, then the child is denied the same right of a child who happens to be poor. It is not a contradiction at all. I am saying if we are using parents' income, I think that is the wrong criteria to use. I think work is a right, and then we get the cesspool of persons who want to work, and then we may find where a person who needs to work more than others, but you will find across the country—my relatives are in St. Louis, Mo., and I spoke with my cousins a few days ago, and they say a lot of youngsters there are not applying for jobs because of low income stigma there. But I believe it is the family head that needs that.

The other part of the program is it doesn't go far enough ahead—it is called a jobs program, but it is a slot program. The child fits into a slot, certainly not in your office, Mr. Chairman, or certainly not mine, but in some offices we have had the opportunity of seeing there are two slots here; let's hire two poor kids; they fill the slot, and they get a check. That is bad, and not part of the poor world. It may sound contradictive, but I think it is a top priority for seeing the family and the criteria for work needs a change rather than family income.

The **Chairman**. Let me focus on two points that you raised. No. 1, I appreciate the personal reference, and that personal situation notwithstanding, the interesting thing is when you look at youth employment programs nationally it is interesting that it is not the out of school youth that is benefited from these programs and not the dropout.

For the most part, data will indicate, and we are trying now to get the data from the District of Columbia manpower program, and I am sure it will underscore this, that the overwhelming majority of young people served by these programs are in-school youth, and that school dropouts are not being helped for the most part by any of these programs, only on a microscopic basis. Out-of-school young people are not benefiting from these programs. So the people that are alluded to as being out of employment and on the streets are indeed out of employment and on the streets, and there are very few opportunities.

Now, your particular personal situation may be in diametric contradiction to that, and I don't challenge it, but on the national basis the story is ironically just the reverse.

Ms. **Hardy**. Mr. Chairman, I think what I am saying is no, the school dropout program is not the master plan now. What I am basically trying to get you to understand is that has been 11 years ago, and it has been more recent than that, but had that child dropped out of school, those children that dropped out of school, 8, 10, 12 years ago, are the underemployed, unskilled persons today. I am saying, as you recall certainly, that was indeed a very highly recognized program, a program for dropouts, if you recall, some years ago.

What we are doing now is that we are feeling the result of that high program at this time. You are quite right that we do not have a program that we are waving the banner, saying, if you drop out of school now, you can get help. I am saying we begin to talk about unemployed, and these children, who, 11, 12 years ago, are now parents, and they are unskilled because they dropped out.

I was talking about a long-range—today, you will find, while we are not servicing those, the programs that we are servicing mostly are the summer programs, where the Federal money comes in to hire the child and, namely, still in school, that is just a short-term thing. But what I am saying to you, Mr. Chairman, and I know that there are many people who will disagree because people don't quite move back to where I am willing to come from, to say that in 3 months, if you can aid that parent to make more money, rather than paying the child so much. You see, we start out now with the summer programs having to pay the child who is a child, 14 to 21, minimum salary. I am not sure what that is; I don't have the figure, but whatever the salary is and many times you have to remember there are parents who do not make that. They work in private industry or they work as waitresses and should get tips and this kind of thing.

I think sometimes, and if you hear me saying do not hire young people, that is not at all what I am saying. Being the mother of seven, I would not say that. I am saying that indeed I think the priority is being placed in the wrong field, but yet all of these youngsters that we are hiring this summer, last summer, and for the next—now, for the past summers that program goes from age 14 to 21, and I would ask you what unskilled program or what skilled programs are we putting strong emphasis on to pick that person up from age 22 on. You understand what I am saying?

There is a young man in Lorton Reformatory who used to work in the summer programs, and he said, look, I got to be 22 years old, and I was too old to work in those programs, and I just went out and stole because nobody would hire me. He was one of those persons who dropped out of school.

What I am really saying, Mr. Chairman, is that it is necessary to look at all the past programs to see where our problems are today, also.

MANPOWER PROGRAMS

The **Chairman**. I appreciate your testimony. I think one of the most significant points that you make really goes to a critical evaluation of manpower programs in this country at this moment across the board, and it has to do with the fact that both in the Congress and in the administration we have opted to play games with numbers, and so we have opted to serve a substantial number of people with a minimum amount of money, which means that we have in many instances excluded training altogether, or that we have attempted to delude ourselves into believing that we can effectively train a human being for the complexities of the 1980's and the 1990's with 2 and 3 and 4 weeks of training, and that in this fiscally conservative atmosphere we have significantly cut back on any efforts to truly train human beings. This summer, for example, we will pour a few hundred million dollars into the cities because we are concerned about young people hanging around in the summer, but when September comes, the interest in those young people is gone when many of them will still be there in September and will not be back in school.

So we have those kinds of problems with young people as well as adults. So one of the important contributions that it seems to me you make to these proceedings is to look at the incredible ineptness and inadequacy of our present approach to manpower programs.

The unfortunate thing is that our colleagues tend to look at these issues along with isolated instances of fraud and abuse and take it to the floor as examples of how to cut these programs back or cut them out without ever posing any significant alternative.

Ms. **Hardy**. I would agree with you. I certainly share that. We have to do something, and I am just attempting to point out those ills.

The **Chairman**. Mr. Leland, do you have any questions?

Mr. **Leland**. No, sir.

The **Chairman**. Are there any questions from the council?

Ms. Hardy, we would like to thank you very much for your testimony and responses to our questions, and we are deeply appreciative.

Ms. **Hardy**. Mr. Chairman, if I may.

The **Chairman**. You may proceed.

Ms. **Hardy**. One of my concerns, as we begin to talk about businesses, young people or older people in businesses, and this may or may not be the appropriate place to raise it, but I see it as one of the problems in Washington, D.C., and even though I am a local legislator, I am not so sure how you can correct this.

SMALL BUSINESSES

We have something called SBA, Small Business Administration. I chair, as you know, the Committee on Housing and Economic Development, and I am finding that while people are prepared to go through and get loans from DCDC or SBA, the loans are not nearly enough to keep the people afloat.

SBA has *x* number of dollars that they will loan. There is nobody to really suggest that this business may not work in this neighborhood. They cannot do that. So somehow when we set up programs to help minorities, we really are not helping them.

If I want to open a shoe repair shop in this building, you or somebody should be able to tell me that it is not going to flourish; I probably need to be in a more bedroom community or near schools or a bus stop, or something else, and the amount of money they owe—I have, and I would like very much to share with you, just to look at maybe; I have now statistics that tell me how many loans were made by both of these institutions in the last 10 years and how many of these businesses have closed up, and we now know why. The amount is not enough and something needs to be done about that. While we are putting minorities in business, we are really putting them out of business.

The **Chairman**. Would you provide the committee with the data you have? We would appreciate it and make it a permanent part of these proceedings.

Ms. **Hardy**. I would like to do that very much. It wasn't really part of what I planned to get into today, but I thought I would always take an opportunity because we need to look at that, and across the country there are more businesses going in. Some businesses stay in business 8 or 9 months and then they are out, and the cases for collecting that debt, the courts are full of those cases that are being taken by both those lending institutions because the people cannot pay the loans back because they didn't get the right kind of help in the beginning or were not loaned enough money to put them in business, so they quickly went under.

The **Chairman**. I appreciate that very much. Let me add one additional thought.

HOUSING

We are presently working on data on the District of Columbia, including housing data I would like very much to make available to you and your committee. Just for a moment, for example, some of our preliminary data indicates that substantial number of young people, men and women, come into this city between the ages of, say, 25 and 34 for the professional opportunities, and when those people decide to get married and have a family, black or white, they tend to leave the District.

Ms. **Hardy**. Yes.

The **Chairman**. So we now are left with a rather small percentage of families with children in the District of Columbia, and they tend to be families that earn less than $10,000 a year or families that earn over $35,000 a year. So our data indicates that that is a group in the middle, earning between $10,000 and $35,000 a year, who have families, who have now left the District of Columbia. So that we are, in effect, the families here tend to be families of poor people, or families of relatively affluent people although at this particular moment, given inflation, $35,000 is not affluent. But we have got this.

Other data begins to indicate, for example, that our Federal taxing laws do not support people renting, and that the issue of rent is becoming an increasing problem, that we are now beginning to force people into buying because laws support buying of homes, support people taking their property and making them condominiums, so they can take advantage of profit, and tax writeoffs, so we are squeezing human beings in this city, and, as I understand it, other cities in a similar fashion throughout the country, and that the housing problem is looming as perhaps the most explosive urban problem in this country, and there is virtually nothing being done about it.

I would like very much to provide this data when we get it to you. Most recently, for example, the Brookings Institute did a very important study on housing, and they came to the unfortunate conclusion that maybe the problem is so sigificant that there is nothing that can be done. I would like to not take that cynical view. I would like to hope there is a role that can be played, and these hearings are an effort to at least say to my colleagues and people who are prepared to listen, that there are significant problems that are going unnoticed, that are not being addressed or dealt with in this rather conservative atmosphere of fighting inflation and balancing the budget.

So that is what we are trying to do in these hearings, to show the people that the problems of the District of Columbia are the problems of urban America, and that it is not unique simply to the District of Columbia, and the tragedy of urban America is the tragedy of this entire country, so if we are not prepared to deal with the problems of Washington, D.C., we are saying ipso facto we are not prepared to deal with the problems of this country, and we better be prepared to pay the incredible price of not being willing to do it, and if politicians who live in this city are not prepared to help this city address its problems, then what makes anyone think we are going to deal with the problems of cities where they don't live.

That is one of the points we are trying to make here. So I will get that data to you.

Ms. **Hardy**. I would appreciate it very much. Thank you.

The **Chairman**. Thank you.

Our second witness this afternoon is Judge Al Green, justice of the peace, Houston, Tex.

Judge Green brings to the committee firsthand accounts of police community relations and the criminal justice system in a major urban center, that is, Houston, Tex.

We are happy to have this witness with us, and I would like to take the opportunity to welcome you before the committee, Judge Green. We have your formal statement, and prior to yielding to you, I would like to yield to my distinguished colleague, Mr. Leland, the gentleman from Houston, Tex.

Mr. LELAND. Thank you, Mr. Chairman. I certainly commend to you the testimony given by my friend and my colleague in his struggles in Houston against police brutality, harassment and murder, and the person who is a champion of human rights in the city of Houston, Judge Green.

Judge Green has gone beyond the responsibility of justice of the peace, which he is duly elected to be in the city of Houston, extending himself beyond the call of duty on behalf of the people of the city of Houston, principally grassroots people.

Mr. Chairman, Judge Green also had the experience of going to Miami to see the aftermath of the so-called riots there and could be an invaluable witness in relating to us the kind of information that you are seeking in comparing the problems in the District of Columbia, with those things that are happening in other parts of the country.

The CHAIRMAN. Mr. Leland, thank you for your opening remarks. Judge Green, you may proceed, and we welcome you.

STATEMENT OF HON. ALEXANDER GREEN, JUSTICE OF THE PEACE, HOUSTON, TEX.

Judge GREEN. Thank you, Mr. Chairman, and members of the committee, I have been introduced, so I will dispense with indicating who I am, but I would like to continue with my statement and start with that portion which indicates that a radio newsman in Houston recently referred to me as the "Colored" justice of the peace. A quote from the publication for the annual Houston NAACP freedom fund dinner states that I am "motivated by a desire to rectify civil and political wrongs." In response to publicized statements of my concerns about the overt racism within the Houston Police Department, a former Houston chief of police has remarked that I better get a better sense of fair play and justice or I will write my ticket for removal as a community spokesman.

Mr. Chairman, obviously, opinions about me vary.

But I see myself merely as a concerned American attempting to expose and correct injustices and inequalities within our society.

At this time, please allow me to take this opportunity to express my appreciation to this committee, especially the chairman of the committee, Congressman Dellums, and, of course, to my good friend Congressman, Mickey Leland, for allowing me to appear before you today. I am truly honored to be here at this time.

CRIMINAL JUSTICE SYSTEMS

As I understand that time is of the essence, I shall attempt to focus my remarks on the areas of concern delineated in your correspondence. However, I must confess I find it extremely difficult to attempt to discuss police relations with the minority community without discussing the total criminal justice system. Therefore, I beg your indulgence while I tersely comment on how three major components of the criminal justice system, the district attorney, the grand jury, and the courts have a most negative impact on police-community relations.

The district attorney, who is generally white—in fact, in Houston, we have never had a district attorney who was of any other color—is perceived as the person who directs the actions of the police, grand jury, and court. District attorneys present the appearance of being on the same team as the judge; and perhaps they are, since approximately 90 percent of criminal judges in Harris County are former district attorneys.

The grand jury is perceived by the community as the "Klan Jury." It appears that way because the selection process permits and allows it to be basically of the all white middle- and upper-class clan. It is seen as a rubber stamp for the white prosecutor and his witnesses, who are generally white police officers.

The court has the most negative impact on police-community relations. It perpetuates and perpetuates individualized and institutionalized racism. The actors in this criminal injustice system generally consist of a white judge, a white court reporter, a white clerk, a white bailiff, police officers who are generally white, and, of course, the prosecutor is generally white. Minorities, therefore, very easily perceive the other parties in the criminal justice system to be "just us."

It is, therefore, no wonder that the minority community concludes that there is a legal conspiracy among the courts, the police, and the district attorney's office.

HOUSTON POLICE DEPARTMENT

Now, with reference to the Houston Police Department's relations with the minority community, I find the principal problem to be racism. Statistical information indicates that the most significant thing about minority persons in the police department is that they are insignificant.

To even the most casual observer, the Houston Police Department presents itself as a racist institution. Specifically, no black has ever held any rank above sergeant; and of the approximately 260 sergeants, only 7 are black. Of the more than 3,000 officers on the force, only approximately 200 are black. Given these statistics, it is not difficult to understand why Houston's 30 percent minority population does not say our police department, but rather say the police department.

The racism starts at the top with Police Chief B. K. Johnson. Mr. Johnson has been denounced as a racist by both black and brown leaders. A white city councilman, Lance Taylor, has tagged him as a racist and a sexist.

Chief Johnson's racist attitude has been revealed publicly on several occasions. At a press conference in December of 1979, then Assistant Chief Johnson stated that he did not know what goes on in the heads of blacks, why they could not study and pass a test and be promoted with the police department.

It should be noted at this point that Chief Johnson entered the department in the 1950's with a GED, at a time when a black could not enter with a Ph. D.

Chief Johnson's solution to the lack of black, brown and female persons in top positions is to permit some to be appointed to higher ranks on a temporary basis, and thereby serve as role models for those officers with aspirations of attaining higher positions. This has become known by some as Chief Johnson's "Nigger for a Day" plan, and if you would take a look at exhibit A, which is attached to the presentation, I would want to read to you that section that I have drawn a line around, and it reads: "Blacks who make up a larger percentage of Houston's population than Mexican-Americans, are even more underrepresented." And they are talking about the police department now, and this is an article for the record from the Houston Post. It is dated March 6, 1980. This is page 26-A, and it is titled "Police Promotions."

Going on with the article, it reads:

> There are seven black detectives, six black sergeants and no black women in those ranks.
>
> What McConn and other politicians in other years have proposed is that the mayor be allowed to appoint assistant and deputy police chiefs.
>
> Instead, Johnson said Wednesday after his confirmation as chief he prefers a "more understandable, palatable" change in the law which would allow the mayor to appoint one person each to the positions of assistant chief, deputy chief, captain and lieutenant on a temporary basis. That person must have been a Texas police officer for the last five years, he stipulated.
>
> The temporary status would be to satisfy the black community—for black cadets to have somebody they can "look up to and see that they can attain that rank," he said.
>
> The minority people serving in those appointed positions would "serve as a role model" and include black, brown and women officers, he said."

This good-ole-boy attitude has infested itself throughout the department, and on the streets it has transgressed into police brutality and deadly force racism.

This brutality and deadly force racism goes unchecked as the Houston Police Department does exactly what most other police departments do; that is, police themselves. This causes the minority community to think that little can be done about police misconduct. Because of this type of feeling, it is very difficult to convince minority persons to report Houston police officers to Houston police officers.

One of Houston's infamous deadly force cases, which drew national attention, is that of Joe Campos Torres. In that incident, police officers threw a physically injured man into a bayou. As a result, Joe Campos Torres died. Because of the injustices in the criminal justice system, these officers received only a year and a day in jail as punishment. The same criminal justice system that gives a guilty citizen a sentence of death for killing a police officer, will give a guilty police officer probation for unjustifiably killing a citizen, especially a minority citizen.

Of course, police brutality does not limit itself to minority persons, and if you would look at exhibit B, it would point out that a very good friend of Chief Johnson has alleged that he was brutalized by a police officer.

POLICE-COMMUNITY RELATIONS

Police-community relations with nonminorities are also very poor. The local news media in Houston has contributed greatly to perpetuating the attitude among police officers of shoot first and ask questions later. This is done by playing up what appears to be a legitimate killing by a police officer and playing down what seems to be an illegal act of violence by an officer, and I would certainly beg that you look at exhibits C and D. I think they are extremely important.

Exhibit C, in particular, which is a news article from the Houston Post, dated June 23, 1980, Monday, and this article is titled "County officer kills fourth suspect in 15 months, nearly loses life." "A good cop—a real pro."

I considered that a part of the newspaper way of causing officers to feel that they are being applauded when they are able to shoot x number of citizens within a specific amount of time as this officer seems to be commended.

I would also point to the exhibit D, which is an article from the Houston Post from the front page, dated June 9, 1980, and it is titled "City policeman charged in connection with fires," and the first two paragraphs read:

> A Houston policeman was charged early Monday with burglary and arson in the Sunday fire of a junior high school, the Harris County District Attorney's Office said.
>
> Police said patrolman T. E. Smith, 27, a 4-year veteran who works at the Beechnut substation, confessed to about 30 fires in southwest Houston which arson investigators have attributed to the "Southwest Arsonist."

Now, you would have to live in Houston to really appreciate how insignificant this article is, because for months the newspapers played up the fact that there was some firebug known as the Southwest Arsonist who was going around setting fires, and when they caught this person in a police uniform running away from the scene of one of the fires, you would think that this would be much more newsworthy than this particular article indicates.

And, Mr. Chairman, and members of the committee, please do not be misled by the photograph that is right adjacent to this news article, because it in no way relates to the news article. This is not a photograph of the officer who is accused of committing the offense. That is a photograph of Henry Miller, who had just passed, who was an American author.

So I would want to point out that the newspaper has a very nice way of playing down these illegal acts of police officers, and let me say this, Mr. Chairman, I support police departments, and my police department. I support law enforcement, but I happen to be crazy enough to believe that all persons should be treated equally under the law and for some reason I think that police officers and judges should not be an exception, especially judges and police officers, because of the positions that we hold. I think that we have a higher duty of care to the public and certainly that we should be punished with as much vigor as the law permits.

HOUSTON AND MIAMI

If I may go on now to continue, acts of police brutality and racist deadly force are real and eminent dangers in Houston, Tex. They are the kinds of dangers that can be the last straw and cause a reaction in this rapidly expanding city that could be comparable to the recent reaction in Miami. Because of the obvious parallels between Houston and Miami, it has been predicted that Houston's minority citizens could possibly react to further social injustices as did Miami's oppressed minorities.

The similarity of the problems facing Miami and Houston are frightening even to the most unconcerned citizen. These concerns are obviously shared by the Houston Police Department, as a special strike force was established on June 22, 1980, to train officers to respond swiftly to civil disturbances and disaster situations. Exhibit E deals with that special strike force and without going through it in its entirety, I would point out that it appears that the city fathers have concluded that at this time the way to deal with what is commonly called a riot, but what we know as a reaction to injustice and inequality, is to set up a better force within the police force to handle that kind of problem, should it ever arise.

I was with Congressman Mickey Leland and other black leaders in Miami during the recent unrest, and I will attempt to outline for you my perception of the similarities that presently exist between Houston and Miami, with most of the similarities applying to other large cities, and I do believe that most of them apply to this city. I had a very interesting conversation with the cabdriver on my way in today, and from talking to him, I was almost convinced that I was back in Houston.

But continuing, both cities have a high influx of minority persons from another country: In Miami, the Cubans; in Houston, the Mexican-Americans. A great concern exists in the black community, whether justified or not, for jobs being lost to these new citizens, thereby causing a belief that the economic system is failing them.

Both cities blacks are echoing a need for more black leadership at a time when they are experiencing the pains of watching black leaders prosecuted criminally. These prosecutions are viewed as unjust.

Both cities are experiencing substantial voter apathy because minority citizens believe that the political system is failing them.

The black community in both cities has expressed displeasure with the failure of the district attorney's office to get indictments in cases where it appears that indictments should have been returned.

The percentage of black police officers in each city is not proportionate to the percentage of black people. Few black police officers are in decisionmaking positions. And both police departments are allowed to investigate themselves.

Both black communities are displeased with their transit authorities.

The criminal justice systems in Miami and Houston are causing blacks to be tried and convicted by all white juries, while whites are being tried and released by these same all white juries.

The totality of these circumstances produces a sense of hopelessness, resulting from the belief that the political, economic, and judicial systems have failed. This, in and of itself, does not usually cause a civil disturbance in my opinion. Many times citizens will be protesting unjust conditions when police misconduct will provoke the protesters. This act of provocation then starts a disturbance which will be called a riot, which is in reality a reaction to a feeling of hopelessness and the police misconduct.

The disturbing thing about the poor status of police-community relations is that little has been done over the last decade, and little is being done to resolve the real problem. City leaders seem to think that tougher cops, meaner dogs, more sophisticated weapons and tactics, will solve the problem. In reality, this can only at best temporarily suppress the effects of the problem.

Of course, the Justice Department has done much to relieve some of the problems of police-community friction. However, much more is needed. We must start with a publicly announced commitment by all community leaders, coupled with a national program for waging a war on racism. This commitment should start with the President of the United States.

I have appeared before you today desiring to explain the intuitively obvious. I am convinced that we have covered very little new ground. However, I know that it is necessary for us to continually acknowledge that racism makes our justice system criminal at best. There is little wonder why minority persons see the system as more criminal than just. What else would you call a racist justice system that punishes the victims of racism for the effects of racism.

I pray that the suggestions and ideas echoed here will not be used to find new ways to placate and pacify oppressed people. Because we want to resolve these problems, I trust that out of these hearings we shall move closer to a justice system where the politically strong white race shall be just; where politically weak minority races shall be able to participate; and, where, as a result, the peace will be preserved.

[The attachments to Judge Green's statement follow:]

Exhibit A

[From the Houston Post, Mar. 6, 1980]

Police Promotions: Minority Advancement Cited as Debate Over Controversial 1269M Swirls

(Ed Jahn and Mark Carreau)

Thirty-three years ago, when job security in many Texas law offices depended on whom you knew and how well you knew them, a change to civil service meant an end to cronyism and patronage.

Now some politicians want to change certain promotion provisions under that law, called 1269M, in order to prevent a problem they say the law created—the restriction of minorities from advancement into the higher levels of management.

During last year's mayoral campaign in Houston and more recently thoughout the nomination and council approval of Police Chief B. K. Johnson, changes in 1269M again became a political hot potato.

Over the protests of high-ranking police officers and police hangups, Mayor Jim McConn campaigned on a pledge to include more minorities in the operation of the police department.

Law 1269M should be changed, he said, it would allow him to circumvent parts of the police promotion rules by appointing minorities to temporary command positions. It would mean minorities will realize they have a chance for advancement and would have "role models" to encourage recruitment, the Mayor said.

Of the 3,017 officers in the department at the end of February there were just one Mexican-American captain, three Mexican-American Lieutenants, 11 Mexican-American detectives—one of whom is a woman—and 13 Mexican-American sergeants.

Blacks, who make up a larger percentage of Houston's population than Mexican-Americans, are even more underrepresented. There are seven black detectives, six black sergeants and no black women in those ranks.

What McConn and other politicians in other years have proposed is that the mayor be allowed to appoint assistant and deputy police chiefs.

Instead, Johnson said Wednesday after his confirmation as chief he prefers a "more understandable, palatable" change in the law which would allow the mayor

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to appoint one person each to the positions of assistant chief, deputy chief, captain and lieutenant on a temporary basis. That person must have been a Texas police officer for the last five years, he stipulated.

The temporary status would be to satisfy the black community—for black cadets to have somebody they can "look up to and see that they can attain that rank," he said.

The minority people serving in those appointed positions woud "serve as a role model" and include black, brown and women officers, he said.

E. M. Knight, head of the black Harris County Council of Organizations (HCCO), said of Johnson's remarks, "There's just so much a chief can do. It's the mayor who sets policy."

Told that McConn has often spoken in favor of such as change, Knight said, "He may have but it's not in writing. You get a lot of lip service but that doesn't get anything done."

Officer David Collier, president of the Houston Police Officers Association, said he hasn't seen any specific legislative proposals regarding changes in the often-controversial 1269M section of state civil service laws. But he said the HPOA would be opposed to "any appointment of these high-ranking positions."

He said, "I've tried to make it clear that we in the association want to see minorities in the upper ranks of the police department as much as anyone else.

"But we just feel it should come through the promotion system that we have. And it can be done. I know it can be done.

"They (minority officers) are going to have to really buckle down and study (for the promotional examinations). With the exception of seniority points, every man walks in there with the same possibilities on that exam. If he has done his homework and really and truly studied—and I mean studied hard—he will come out on that exam.

The current civil service law still allows for the discretion of the police chief in hiring. If the chief considers a person qualified by intelligence but lacking in command ability, he can pass over that person and choose the next most-qualified candidate.

However, the Chief also must give the civil service board of assessors his reasons for passing over the candidate. And the candidate can appeal the decision of the chief.

Under 1269M, all Texas cities over 10,000 population (except Dallas, which has its own civil service system) must make their choices in this manner.

In Dallas' department of 2,009 officers, one captain, one lieutenant and two sergeants are Mexican-Americans. Three sergeants are black and there is one black deputy chief.

San Antonio has 1,145 police officers and about 40 percent are Mexican-American and 10 percent are black. However, as six officers in deputy-chief or inspector positions are white and minorities hold few positions above the rank of sergeant, according to that department's personnel director.

In 1977, then-Houston police chief B. G. "Pappy" Bond unsuccessfully encouraged legislation changing 1269M so that he could have at least one top assistant that was answerable to him.

State Rep. Chase Untermeyer said he and State Rep. Al Edwards co-sponsored a similar change for the same reason. Untermeyer said that although the change made it out of the House Intergovernmental Affairs Committee, he quit backing it and time ran out on the change in the House on the last day of the Session.

"I realized that the change would probably politicize the department and give the mayor the chance to put in his cronies." he said. "I still think it's useful for the chief to have a deputy chief who feels how he feels and who he can confide in."

EXHIBIT B

[From the Houston Post, May 15, 1980]

POLICE SUPPORTER ALLEGES OFFICER MISTREATED HIM

(By Tom Kennedy and Fred King)

A man who is a Masonic brother of Police Chief B. K. Johnson and has bought an advertisement endorsing higher salaries for police Wednesday told City Council a Houston policeman "attacked me like a mad dog" last month.

The policeman said he believes he handled the man's arrest "properly and to the best of my ability." A deputy constable also involved said the man was a "sorehead" and had not been mistreated.

Joel G. Friedel, 41, chairman of the board of Quality Service Metals Co., said the policeman—B. A. Eichenberg, although Friedel did not identify him—slammed him up against his car, spun him around, cursed him and said, "Don't you know I can kill you?" before asking for his driver's license.

The policeman then put handcuffs tightly around Friedel's wrist and took him to the police station where he was detained for six hours before charges were filed, Friedel said.

Police records show Friedel was arrested at 6 p.m., booked into the jail at 8:30 p.m., and bonded out at 10:45 p.m. Friedel goes to trial Tuesday on disorderly conduct and failure to identify himself to a police officer.

The police chief said he knows Friedel, but the case is not being investigated since Friedel has not made a formal complaint. Asked his opinion of the case, Johnson said, "I assume he'll go to court when necessary."

Friedel said the April 16 "nightmare" started when he was traveling north on Shepherd heading toward his office and swerved to avoid a collision with a large truck being escorted by C. E. Child, a Precinct 6 deputy constable.

He said he cautioned Child, who was on a motorcycle, to be more careful, only to witness a similar near accident at Shepherd and Washington Avenue.

"I again cautioned him," Friedel told council members, "I believe I said something like, 'If you keep operating that damn thing like that you are going to get someone killed.'"

The constable stopped him, asked for his driver's license and ordered him to "move it," Friedel said. He said he told Child that was impossible since the constable had his motorcycle parked in front of his automobile as well as possession of the keys to the ignition.

Child said Friedel used "abusive and profane language" in yelling at him several times "over a period of about 10 blocks, about nine blocks longer than I am used to" and radioed for a Houston police officer. About then, Friedel said he was calling Chief Johnson's office and was told a sergeant would come to the scene.

Eichenberg arrived first and, Friedel said, before he could tell Eichenberg his version of the constable's allegedly erratic escort of the truck, Eichenberg had him in handcuffs and radioed to the station that he "had a DWI and needed assistance."

Eichenberg said this is the first big complaint against him in seven years on the force. He would not comment on the details of Friedel's allegations but said he has "handled everything properly and to the best of my ability, and that includes this" incident.

Friedel said he had nerve damage from the tight handcuffs, but thinks he has recovered from it.

He said his efforts to discuss the matter with Johnson, a friend for nine years as a member of the same lodge, have failed, prompting him to go before the council and vow to take the case to the police Internal Affairs Division.

He showed reporters copies of a congratulatory letter sent Johnson shortly after he was named chief in March as well as a copy of a $189 advertisement in the Northwest Leader newspaper endorsing higher salaries for police officers.

Friedel's comments drew remarks from two black councilmen, Ernest McGowen and Anthony Hall. They said it was ironic that a white man of Friedel's status fell victim to the type of alleged brutality that minorities have suffered for many years.

"This is a reverse of what I would expect to see," McGowen said. "It's not just us."

"I agree with you, sir," Friedel said, "since that's why I'm here."

Friedel later said he still supported the police department and higher salaries for officers, saying, "we need a higher caliber officer so we can get this type of officer out of uniform and get him off the street."

EXHIBIT C

COUNTY OFFICER KILLS 4TH SUSPECT IN 15 MONTHS, NEARLY LOSES LIFE

(By Barbara Canetti and Rob Meckel)

Sgt. Steve S. Graeter—narrowly escaping death when he was shot in the groin by a man he stopped on a traffic complaint—killed his fourth suspect in the past 15 months Sunday.

Harris County detectives said Graeter, 39, was wounded about 4:30 a.m. by 19-year-old Freddie F. Stovall Jr. of Avinger before Graeter shot and killed Stovall in self-defense.

Maj. Carl Mangognia said Graeter was at the scene of a fire in the 14600 block of Lee Road when Stovall sped by in a pickup truck and "nearly ran over another officer at the scene."

Detectives said Graeter chased Stovall more than a mile to the 13900 block of the Eastex Freeway, where Stovall pulled to the roadside, stepped partially out of the truck and fired a .22-magnum pistol.

They said Graeter shot at Stovall three times with his .44-magnum pistol striking him twice, in the face, hand and shoulder. Stovall was dead at the scene.

Investigators said Stovall's bullet passed through the sergeant's right abdomen, inches below his bulletproof vest, and came out his left side. He was in Hermann Hospital in fair condition following surgery.

Although Graeter—named officer of the year in 1978 by the Exchange Club of Houston—has killed more people in the line of duty than anyone else in his department, Sheriff Jack Heard said he "is a good cop—a real pro."

"There is no indication that he (Graeter) did anything wrong. The case is clean as a whistle," Heard said Sunday.

Detectives said Stovall was driving a truck which earlier had been reported stolen by his father. They said his father, Freddie F. Stovall Sr., told La Porte police that his son, a recent parolee from Huntsville prison, was armed.

La Porte police did not seek charges in the case because it involved a family quarrel, detectives said.

Heard said he will speak with Graeter when he is feeling better, but has no qualms about sending the sergeant back to the patrol division after he has recuperated.

"For Steve, it's a case of him being at the right place at the right time—or maybe at the wrong place at the wrong time. I just hope this doesn't affect his dedication to duty as a police officer," Heard said.

The case will be routinely referred to the sheriff's office Professional Standards Unit for an in-house investigation, as well as a Harris County grand jury.

"We have no indication he did wrong. There is no question about it," Heard said.

Mangognia also spoke with Graeter early Sunday, and said the sergeant's first words were, "Why, major?"

"I think he was referring to "why" did that guy shoot me? It's unfortunate," the major said.

Although Mangognia said he doesn't expect Graeter to resign now, "We wouldn't let him (resign). He's a professional policeman and highly respected."

Mangognia said Graeter's personnel evaluations have always been "above average." He has been a Harris County deputy since September 1974 and was promoted to the rank of sergeant in March 1978. He attended the FBI academy for a 12-week training program in September 1979.

Graeter was no-billed by a grand jury in March 1979 after he shot and killed two teen-agers during the armed robbery of a McDonald's restaurant in the 3900 block of Little York. Investigators said the youths were armed and pointed their weapon at officers at the scene.

In October, Graeter shot a burglary suspect at the Academy Surplus Store, 11702 Eastex Freeway. The suspect had a large open knife in his hand and an unfired .38-caliber pistol on him, investigators said. Graeter was also no-billed in that case.

Graeter, who lives in Willis but grew up in Longview, has been described by family members as a "gentle person."

His mother, Edith Graeter, said her son "would rather open a door and shoo out a fly rather than kill it.

"It seems extraordinary to anyone who knows Steve that he is a policeman. He is so gentle and doesn't seem the type," she said. She said her son, who is 6-foot-4 and weighs 220 pounds, is very popular and likable.

He is the father of two small children. His wife, Judy, is expecting their third child next month.

Mangognia emphatically said the series of shootings should not lead people to believe the sergeant is trigger-happy. "Graeter is a coolheaded individual. He used his fire-arm only because his life was endangered," the major said.

He added that Graeter is very serious about his work, and very direct, factual and to the point. "he is one of our top-qualified field sergeants," Mangognia said.

Ironically, one of Graeter's pet peeves and special warnings to officers concerns the need to be cautious when approaching vehicles during traffic stops at night.

"He always advises his officers to use caution because you don't know who you are stopping. From what we can see, he did it professionally," Mangognia said.

Mangognia said he interviewed Graeter after the earlier shootings. "He had been concerned, very concerned . . . not that he shot someone, but that he had taken a young life," the major said. "He has the capabilitty to make rational judgments and on-the-spot decisions."

"He's out to protect the citizens of this county. Steve Graeter is a professional," Mangognia said.

EXHIBIT D

[From the Houston Post, June 9, 1980]

CITY POLICEMAN CHARGED IN CONNECTION WITH FIRES

(By Mike Avalos)

A Houston policeman was charged early Monday with burglary and arson in the Sunday fire of a junior high school, the Harris County District Attorney's Office said.

Police said patrolman T. E. Smith, 27, a four-year veteran who works at the Beechnut substation, confessed to about 30 fires in southwest Houston which arson investigators have attributed to the "Southwest Arsonist."

Smith was arrested about 6 a.m. Sunday in the 7700 block of Creekbend after a chase of about six blocks, said J. N. Witt, arson investigator.

Smith was charged with burglary and arson in the Sunday morning fire at the Louie Welch Junior High, 11544 S. Gessner. Bonds totaled $10,000.

Witt said that although Smith confessed to about 30 fires, more then 100 have been set in apartments, trash bins, boats, laundries and buildings over the last four months.

Witt said Smith told him he had been having marital problems.

Smith was being questioned by detectives from the Internal Affairs Division of the Houston Police Department.

The person setting the fires has become known as the "Southwest Arsonist" by investigators because the fires have been in an area roughly bounded by San Felipe, Richmond, Chimney Rock and Fondren.

Before dawn Sunday two uniformed officers saw a man running from the scene of the fire at Louie Welch Junior High, get into a car and flee at a high rate of speed without lights, Witt said.

He said the officers arrested Smith about half a mile from his home.

A one alarm fire at the school destroyed a school storage building, Witt said. He said the blaze, set with gasoline, was extinguished in about 30 minutes

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EXHIBIT E

[From the Houston Post, June 22, 1980]

POLICE "STRIKE FORCE" TO AID IN EMERGENCY SITUATIONS

(By Rob Meckel)

The Houston Police Department is grooming 130 officers into a special "strike force" trained to respond swiftly to civil disturbances and disaster situations.

Deputy Chief Fred B. Bankston said the Special Operations Division, which evolved from what had previously been the Point Control Division, consists of volunteers, six of them women, whose classroom and physical training requirements are about 25 percent higher than regular training for police.

"The division is set up like a task squad so it can be moved into any place at any time when something special comes up," Bankston said. It will provide traffic and crowd control, help in evacuations and prevent looting during major fires, explosions, riots, demonstrations and other emergency situations, he said.

Before creation of the new division in April, such emergencies were handled partly by the Point Control Division and partly by policemen "borrowed" from districts in which emergencies occurred, Bankston said.

This "robbing Peter to pay Paul" shifting of personnel was undesirable because it left portions of the district unprotected, he said. The new approach was part of a restructuring move by new Chief B. K. Johnson to improve response time, he said.

"We figured it'd take at least four months to get it into the type of operation we want," he said.

When they are not undergoing training, division personnel work as a group in high crime areas as a supplementary force to police in those districts, Bankston said. The department's crime analysis section "tells us where the extra help is needed," he said.

Like other police, they issue traffic tickets, respond to dispatched calls and patrol the city's streets. But at the same time, they are on reserve for speci . service, he said.

Already, members of the unit have undergone special training in municipal, state, liquor and other laws and in firearms use, Bankston said. Soon they will begin baton training (for use in crowd control) and an 18-week physical training program, he said.

Although the division's physical training requirements are higher than for other police, they "are not anywhere near" those of the Special Weapons and Tactical Squad, which include running six miles daily, maintaining "marksman" scores in firearms use and undergoing anti-terrorist training, he said.

The Special Operations Division police "have a level of physical shape they have to maintain. If they can't maintain the level, they can't work in that division," Bankston said.

"We expect some crybabies—the ones that feel they can't do it—to say it shouldn't be done. Those are the ones who know they can't make it. There will always be a small percentage of those," he said.

Division personnel get no extra pay for their higher training requirements, Bankston said.

JUDGE ALEXANDER GREEN

Texas history will document the date, September 1, 1977, as being a significant date, particularly to Black Houstonians of Harris County, Texas. On that date, at the new Student Life Center of Texas Southern University, Alexander Green was sworn in as Justice of the Peace for Precinct 7, Position 2. He became the third Black to serve as Justice of the Peace in Harris County, Texas.

Formerly an attorney and law school instructor, Green was honored at the swearing-in ceremony by a wide cross-section of community leaders who gave testimony to his legal qualifications, impeccable character, and apparent innate ability to communicate skillfully with people of diverse backgrounds. It was those qualities that landed Green the judgeship and the support of the community, recently, when he embarked upon a crusade to correct injustices existing in the Houston Police Department.

The youthful Judge Green, motivated by a desire to rectify civil and political wrongs, has taken on the highly controversial task of focusing the attention of the community on the hiring and promotion practices of the Houston Police Department, the issue of police brutality, and the apparent lack of sensitivity of city officials in taking significant positive steps to improve the department's image in those areas.

Realizing that criticism of any law enforcement agency is risky to life and limb, Judge Green, a great admirer of Dr. Martin Luther King, Jr., explains that he has learned to live with fear for his life. Like a true civil libertarian, he states simply, "My fear is counter-balanced by my desire to do something about a bad situation. It is my desire to correct a real injustice. Therefore, I am compelled to do what fear tells me not to do. I cannot concern myself any longer with fear."

Judge Green is the recipient of many honors and awards, including the Distinguished Service Award from the Houston Citizens Chamber of Commerce and the Outstanding Young Man of America Award from the United States Jaycees in recognition of his outstanding professional achievement, superior leadership ability and exceptional service to the community.

He holds professional membership in various local, state and federal bar associations and spends his leisure time as a volunteer in Little League Baseball and the YMCA Football.

The CHAIRMAN. Judge Green, I thank you for your opening statement.

Our first question is this: You stated in your opening remarks that overt racism is the principal problem with respect to the relationship between the Houston Police Department and the minority community.

To what extent does this same problem, as you perceive it, exist in other cities?

Judge GREEN. I have found that generally speaking in most cities, as I indicated in my statement, the significant thing about minority persons within police departments is that they are insignificant.

Most police departments have very few minority persons holding any decisionmaking positions. In fact, minority persons are just getting into many of the police departments in our country.

I am of the opinion that because we hold very few decisionmaking positions within police departments, and because our numbers are not in proportion to our numbers in the various cities, that this is an indication of racism within those departments.

The CHAIRMAN. That then leads me to raise the obvious second question, and that is, would a substantial change from your perspective in racial composition of the justice system across the board, police to judges, lead to meaningful change in the operation of the system as it affects blacks and other minorities?

POLICE BRUTALITY

Judge GREEN. I believe that it would, but I would also be cautious enough to say that some black police officers have proven to be as brutal as white police officers.

Brutality seems to emanate from a type of mentality, and I have found that black persons can possess that type of mentality as easily as white persons can, and I find that the persons who are within the police department are very careful to permit only those persons who have a certain type of mentality.

In Houston we call it the "good old boy" mentality to get into the police department and, as a result of that, I don't know that there is a great deal of difference between the black officer and the white officer, but I would say to you that, yes, an increase in numbers would make a difference because you see it is not enough, Mr. Chairman, in my opinion, for things to be right.

They also have to look right and to the citizens, the minority citizens of this country, things do not look right in the police department, in the courts of this country where a black man walks into the court and he sees a white judge, white prosecutor, white bailiff, white court reporter and a white jury, and that doesn't look right.

Because it does not look right it isn't right, and I would say to you that I talked to many white judges and they have told me under no conditions or no terms would they permit themselves to be tried in a courtroom where the judge was black, the jury was black, the prosecutor was black and the court reporter was black.

That is ridiculous and asinine, but we have learned to accept as a reality what others would not accept under any terms or conditions.

A change in the racial composition of the criminal justice system would cause us to no longer perceive it as a criminal injustice system. Truly it is a criminal injustice system because of the way it is being operated at this time.

The change of the perception would be very positive for us in terms of the feeling we are being treated unjustly.

The CHAIRMAN. Can I conclude then at least in one aspect of your response that in terms of police community relations that the factor of race only compounds the issue, but there are also structural problems that continue to create friction between these two segments of our society?

Judge **Green**. Yes; that is true, and the issue of racism, as I said, is one of paramount importance, but then there are other issues that help to permit the racism which becomes a brutality on the streets; there are other issues that help to promulgate the brutality.

For example, the whole issue of whether or not a police department should be permitted to investigate itself. I am of the opinion that unless an independent agency is established in Houston, Tex., to investigate allegations of police misconduct, the police themselves will continue, and I believe that they do feel that they have a license to kill and they will continue to believe that they have a license to kill.

When I initially got involved with this, I used to think that it was just a small portion of the police department that had this mentality.

I have been convinced now that it is a majority of our police department and that probably this mentality exists in most police departments.

The **Chairman**. Now, what do you think of citizen review boards and do you think they offer any hope for change in terms of constructively addressing the problems with police community relations?

Judge **Green**. I try not to use that term, citizens review board, because it has taken on a very negative connotation.

NEED INDEPENDENT INVESTIGATIVE AGENCY

I call it an independent agency established to investigate allegations of police misconduct, and I think that if it is properly structured, it can cause some change.

I don't believe that citizens want to have some agency established where you run down on the corner and pick up a couple of preachers and two or three teachers to come in and try to investigate some allegation of police misconduct.

That is a very colored way of doing business, and we don't want to do business that way. We want an agency that has within it persons who are trained to investigate allegations of police misconduct, persons who have degrees from various colleges and universities, persons who are paid to do this type of work, and persons who are in no way connected or affiliated with the police department itself.

If a particular person who is within this agency should marry a police officer, then it should be stipulated from the outset that at that point you can no longer be associated with this agency. You cannot be related to police officers in some degree of blood. There should be some specific blood linkage that is set forth initially at the time persons apply for the job so we will have that understanding.

I believe if this agency is autonomous and if this agency is permitted to investigate allegations of police misconduct, it will cause the citizens to at least accept the findings that result from the investigation, whereas at this point the citizens are of the opinion that you are permitting Frank to investigate Jesse, which doesn't really make a lot of sense, because they all work together and we can expect one to support the other.

The **Chairman**. I appreciate that.

It seems to me when one looks at the issue you raised in Houston, Miami, interestingly in San Francisco, people often don't talk about that; but the gay community in San Francisco reacted very violently to an expression of the judicial process when it came to the issue of the death of one of the members of the board of supervisors.

My contention is that as we proceed through the decade of the 1980's that decisions that are going to be made at the local level, virtually every level, but certainly at the local level, are going to become increasingly difficult, and that the one thing that may very well keep our various communities around the country from literally exploding in our faces, if their people must perceive the process by which decisions get made as a process of having integrity, it must include all citizenry and it must be a process that exudes equality, justice and respect, and these decisions are going to be very painful.

The process in Miami lacked integrity and it exploded. In San Franciso the process lacked intregity and it exploded, and in Houston people perceived the process not to have integrity and it exploded.

In every city as we begin to cut back on Federal dollars and move away from our collective responsiblity for each other, as the tensions become unbearable, it would seem to me it is going to exacerbate police community relations and other factors, and as people perceive the judgments and decisions made at that level they establish the climate for the social dichotomy and the explosion to take place.

Would you comment on that?

Judge **Green**. Yes, sir; I suppose the best comment that I could make on that is that I would agree with you 100 percent. I cannot overly emphasize the need for things not only being right but also looking right, and that is the problem.

Let us assume that in Miami that that jury was absolutely right in vindicating those police officers. The perception of the system is what created the problem, because the jury was all white, because the police officers were white and the judge was white, the citizens felt that there was an injustice created and it is that perception, as you have indicated so eloquently, it is that perception that we must start to deal with.

If we do not deal with that perception, the perception will deal with us as it did in Miami. I would want to make one more point in terms of, excuse me——

The **Chairman**. I yield to my colleague.

Mr. **Leland**. I appreciate your yielding.

Judge Green, let me ask you about the perception and whether or not you are talking about truly perception.

If in fact justice is done it seems to me that a jury or the judicial system and the whole process should reflect what the whole community represents anyway.

Therefore, if in fact the perpetrators of the death of a citizen, whatever color that person is, if the perpetrator of the death of that citizen is tried throughout the process by the judicial system that reflects the community, then that is a just system.

An unjust system is one where the judicial system does not reflect the characteristics of the community itself.

Do you agree with that?

Judge **Green**. I agree certainly that the judicial system, namely, the components of it, talking about the jury, should have a cross section of the community. I think that we should have blacks, browns and female judges, particularly in Houston where we have large populations of blacks, browns and female persons.

But what I was trying to indicate, and I believe what the chairman was indicating, was that let us assume that all was well and we just went one step beyond that to the point where we assume everything was done as it properly should have been done, because we were not properly represented within the structure of the judiciary, that perception in and of itself made it wrong, and that is a very strong point to deal with because, granted, sometimes in my opinion all white juries bring back the proper verdict when the judge is white and everybody else in the courtroom is white, I believe the proper verdict can come back, but because that is perceived as an unfair way of running a court system that creates a problem.

Mr. **Leland**. However, what I am trying to say, even though the verdict might be right, is it not true, or could we not consider that the conclusion should be, that the verdict should be assumed to be a reflection of what the community represents?

In other words, I understand what you are talking about in terms of perception, perhaps is more powerful than reality, but in the instance of Miami and in most instances in Houston and other places with which we are somewhat familiar, the fact is that the judicial system is racist, is discriminatory, does not allow for minorities particularly to participate in the system itself and, therefore, the system itself is not just perceived as being wrong but is wrong, in fact.

Judge **Green**. Yes, sir; without question.

Mr. **Leland**. Thank you.

Judge **Green**. I am with you 100 percent.

The **Chairman**. Will the gentleman suspend at this point? We have a significant vote.

The committee will stand in recess for 10 minutes.

[A brief recess was taken.]

The **Chairman**. The committee will reconvene.

Judge Green, I would like to ask certainly this question:

POLICE USE OF FORCE

You have spoken to the issue of the use of force and we have seen graphic illustration after graphic illustration of the incredible abuse of force on the part of many police departments, police officers in police departments around the country.

Traditionally, the police function has been a local function. In your estimation, is it necessary for the Federal Government to begin to define as a policy matter limits on the use of force by local police departments, or is this an appropriate consideration at the Federal level?

Judge GREEN. I realize, Mr. Chairman, that the local folks are very much in favor of home rule, and that they would disagree very much with what I am about to say but, yes, I think that the Federal Government, because of the severity of the problem, will indeed have to settle guidelines and some parameters for deadly force behavior.

If it is not done, then we will continue to have police chiefs like our former Chief Harry Caldwell, who stated at a press conference that he permits his officers to use a 44-magnum, because it is the biggest damn gun they could get, and if he could he would let them use napalm.

I think there are some police departments that would use napalm if they could get it, and at some point the Federal Government is going to have to say this far is far enough and you should not exceed that.

If not but for the Federal Government in Houston, Tex., in the person of Tony Canales, the U.S. attorney, we probably would not have uncovered the throw-down gun in the *Billy Keith Joyvies* case; you may have read about that, and a number of cases where the Federal Government has been able to do more than the local district attorney's office.

So Federal intervention is an absolute must, and I regret that Tony Canales will be leaving the Houston area, because the next U.S. attorney does not have to place emphasis on civil rights. That could be very well be a function of the Department here in Washington.

He could not decide that he wants to take up that kind of fight. He could place emphasis on social security, for example, as opposed to civil rights and civil rights violations, so I think we have to have that Federal Government intervention.

The CHAIRMAN. So that if it is your notion that in terms of the issue of the use of force that there should be a Federal policy.

ROLE OF FEDERAL GOVERNMENT

Going beyond that, what do you perceive to be an appropriate role of the Federal Government in addressing a number of the problems that you enunciated in your opening statement, and are there specific programs which need to be implemented?

Judge GREEN. Yes, sir; I think that the Federal Government should encourage the notion of having some sort of independent agency to investigate allegations of police misconduct. I think the Federal Government should take a more active role in causing local police departments to realize that they must hire and promote blacks, browns, and females to all levels of the departments or they will lose Federal dollars.

Presently, that can be done, but it requires a monumental amount of effort, and it places the police officers themselves in the position, the minority police officers, in the position of having to bring a lawsuit which causes them to be in a sense between a rock and a hard place.

So I think the Federal Government should take affirmative action to cause the police departments to realize that they must totally integrate and that they must do this at all levels within the department.

Those are just a couple of things that come to mind quickly, but I think that that would be a darn good start.

FEDERAL FUNDS AND COMMUNITY RELATIONS

The **CHAIRMAN**. To what extent, given your knowledge, has the Houston Police Department made use of Federal funds to enhance, improve or alter the quality of community relations vis-a-vis the police?

Judge **GREEN**. To be quite frank with you, I don't know of any real indications of the police department having used Federal funds to better police community relations. I just don't know of that. Maybe it has happened.

In Houston, I have indicated and many other persons have that problem with the department, or part of the problem is its image. They are trying to recruit minority persons into the department and they contend that they have a difficult time finding persons.

I think in part that is true. I don't agree with it totally, but the reason that they have a difficult time recruiting minority persons is in part because of the image of the police department, and when this was echoed to the mayor and the city council and the police department by way of a press conference, they immediately decided that to change the image they would put up billboards saying, Houston police officers are good people, or something to that effect, so they want to PR the problem away and you cannot PR this type of negative image away.

You have to do some very positive and constructive things; namely, you have to start to give those persons who are already in the department an opportunity to advance, and it is through doing that that you start to change the department's image. You have to stop suing citizens. In Houston, our police department will sue you, pardon me, the police officers will sue you quickly for slanderous statements, libelous statements.

We have a deputy, well, a constable, Constable Martinez who has been sued by police officers for statements he made before a meeting of the city council in reference to the police department.

Those kinds of acts indicate a hostility that exists within the police department and the citizens who might normally want to join the police department would avoid it because they don't want to be part of that kind of an organization.

The **CHAIRMAN**. I thank you for your responses.

Are there any questions from counsel?

Mr. **DAVIS**. No questions. Thank you, Mr. Chairman.

HOW RIOTS START

Judge **GREEN**. Mr. Chairman, there was one thing that I did not get a chance to finish. It was a point that I was about to make before we took the break, and that was that most of the time I have found from my personal experience, riots, as they are called, are not deliberately started.

I have found that most times, as with Miami, I was in Tallahassee when there was some so-called rioting going on and I was in Washington, D.C. in the sixties when we had riots, and I have been to many places and in the midst of what were called riots, but I found that most of the times these so-called riots do not start because citizens get together and plan and conspire and say, "Let's have a riot."

Usually, citizens are out protesting for one reason or another. It can be something relating to the economic system or it could be related to just about anything, but they are protesting, and usually the police themselves become the provocateurs in that they are not properly trained or they don't care about the way they will approach protestors and, as a result of the interaction between persons who are peacefully protesting many times and the police officers who are there to in fact protect the protesters, that is the spark, that final thing.

The very last thing that happens that many times will cause what is called a riot when, in fact, if the police officers themselves used a bit more tact, if they had been a bit more discrete, it never would have occurred.

I saw that actually happen once where the citizens were just protesting and probably nothing would have ever occurred but for the way a police officer placed his hands on a young lady who was walking out of line, and that caused the whole thing to erupt, so those persons, I think, just did not go downtown with the intent of breaking windows and disrupting the peace.

Many things start to happen once the initial act takes place, but I contend that many times the police department through its acts will cause what is called a riot.

The CHAIRMAN. I thank you very much.

I have one additional question to which we would like to have a response for the record.

POLICE MISCONDUCT

To your knowledge, has any police officer in Houston been effectively prosecuted for alleged misconduct?

Judge GREEN. Yes, sir; we have had some police officers who were prosecuted. It seems that the black officers are the ones who usually are prosecuted successfully and who are usually indicted.

It also seems that officers are generally going to be prosecuted for a misdemeanor offense, notwithstanding the fact that a person may have been killed. The *Torres* case is a typical example. Those officers were convicted of misdemeanors in Harris County, and when they were tried in the Federal courts it was a violation of civil rights.

We have not had a police officer in Houston who has been placed in jail for murder, notwithstanding the fact that persons have been killed who were unarmed, handcuffed, and notwithstanding the fact that we have had officers who testify that throw-down guns were used to justify the killing of the particular citizen.

So we do have prosecutions, but I would consider it a token of a prosecution, not an aggressive and vigorous prosecution, and that is primarily because the district attorney's office works very closely with the police department, they work together.

They are agents, allies, and I see it as very difficult for one to investigate or prosecute the other, and that is why I have indicated that there should be some independent agency whose specific purpose and task and duty is that of investigating allegations of police misconduct.

The CHAIRMAN. Judge Green, I would like to thank you very much for your testimony and your responses to our questions, and we certainly appreciate your traveling some great distances to make a contribution to these proceedings.

On behalf of myself and the committee and members of the staff, we thank you very much.

Judge GREEN. Well, I thank you very much for permitting me to be here.

I only regret that we are not able to do this sort of thing in Houston, because the problem is there as well as here, but we really need you in Houston.

If you can find some way to come to Houston to help us out, we would appreciate that.

Thank you.

The CHAIRMAN. We will work on that.

The hearings will stand in adjournment until tomorrow morning.

[Whereupon, at 3:40 p.m. the Committee on the District of Columbia adjourned, to reconvene Thursday, June 26, 1980, at 9 a.m.]

PROBLEMS IN URBAN CENTERS—WASHINGTON, D.C., AND THE FEDERAL GOVERNMENT ROLE

THURSDAY, JUNE 26, 1980

House of Representatives,
Committee on the District of Columbia,
Washington, D.C.

The committee met, pursuant to notice, at 9:30 a.m., in room 1310, Longworth House Office Building, Hon. Ronald V. Dellums (chairman of the committee) presiding.

Present: Representatives Dellums and Barnes.

Also present: Edward C. Sylvester, staff director; Donn G. Davis, and Dietra L. Gerald, staff assistants; Dale MacIver, staff counsel; Harry M. Singleton, minority chief counsel; and Hugh Van A. Starkey, minority research analyst.

The CHAIRMAN. The House Committee on the District of Columbia will be in order for the continuation of the hearings on the conditions of urban centers, including Washington, D.C., and the Federal Government's role in the solution of their problems.

Today our inquiry will focus on national urban policy toward cities and the question of how Federal aid to cities helps or hinders in the solution of these problems.

Two of our witnesses this morning are most distinguished, nationally renowned authorities of Federal policies toward cities.

The first witness is Ralph Widner, president of the Academy for Contemporary Problems, a public policy and research center, established by the seven national organizations of State, county, and municipal officials, including the National Governors Conference, the National League of Cities, and U.S. Conference of Mayors.

Mr. Widner is the author of many studies on urban and regional development in the United States and Europe, and we are very happy to have him join us and look foward to his testimony.

Mr. Widner, you may come forward. We welcome you before the committee this morning.

STATEMENT OF RALPH WIDNER, PRESIDENT, ACADEMY FOR CONTEMPORARY PROBLEMS, WASHINGTON, D.C.

Mr. WIDNER. I would like to submit for the record the prepared testimony.

The CHAIRMAN. Without objection, so ordered.

[Mr. Widner's prepared statement follows at the end of his verbal remarks.]

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PREPARED STATEMENT OF RALPH R. WIDNER, PRESIDENT, THE ACADEMY FOR CONTEMPORARY PROBLEMS, ON CONDITIONS IN THE DISTRICT OF COLUMBIA AND OTHER AMERICAN CITIES

I am Ralph R. Widner, President of the Academy for Contemporary Problems, a research and training foundation operated by seven national organizations of state, county, and city officials. In this capacity, the Academy continually monitors conditions in the nation's states, regions, and communities and attempts to identify ways to deal with problems arising out of those conditions.

I am happy to respond to the Committee's request for a description of the conditions in America's cities today and to relate them to conditions here in the District of Columbia.

I owe a considerable debt of gratitude to my colleague, Dr. Herrington Bryce, Vice President of the Academy, for some of the comparisons I can share with the Committee today. Several years ago, Dr. Bryce conducted a special study of the District for the Tax Revision Commission.

There are some important differences in the conditions affecting cities today and those we perceived at the time of the Kerner Commission Report in the 1960s. Two years ago, the Academy had the honor to assist the Department of Housing and Urban Development in preparing the background materials for the President's 1978 National Urban Policy Report. The President's Report to Congress points out that we are entering a new stage in the patterns of urban development in the country. The District of Columbia is feeling these changes in advance of many cities in the United States. Let us consider some of the background.

Between 1920 and 1960, our nation passed through an agricultural transition in which many Americans--black and white--were forced to leave the rural areas and smaller communities for the cities because the mechanization of agriculture substituted machinery for human labor. Those displacements were largely completed by the early 1960s and the large migrations of rural people into the cities came to an end during that decade. You will recall that the Kerner Commission, the Commission on Population Growth and the American Future, and the reports of other distinguished bodies during the 1960s, were preoccupied with the consequences of rural migration to the cities, both from the point of view of the areas left behind and the cities receiving the new migrants.

But during the 1970s, we came to realize that that phase of our history was behind us and that we had entered a new one. Today we are in a manufacturing transition quite similar in several respects to the earlier agricultural transition. In most of our traditional manufacturing, machines are steadily replacing human labor so that employment in many of these industries is stagnant or declining. Equally important, the location of new plants in many of these manufacturing industries is no longer restricted to the cities. Instead, as we all know, an increasingly large percentage of these new plants are locating in nonmetropolitan areas along interstate highways, out beyond the suburbs and sometimes far removed from any metropolitan areas. Most of the new growth in employment comes, not from the growing of food and fiber or the manufacturing of goods, but instead, from the delivery of services.

Thus, many of the black and white migrants who moved to the cities from rural areas in search of jobs following World War II arrived just in time to see many of the jobs to which they could aspire departing for the suburbs and the countryside beyond. This left concentrated in the suburban centers a growing pool of unemployed minority youth increasingly isolated from the mainstream of the economy--the most difficult and intractable domestic problem that the nation faces today.

While the District of Columbia has never been a manufacturing city, the patterns of change within the District, nevertheless, reflect the large number of changes affecting cities across the nation.

The population of the District more than tripled between 1900 and World War II. From 279,000 people in 1900, it rose to a peak of 900,000 but, as is the case with nearly all American cities, the population of the District has declined ever since. In 1977, the population of the District was just under 700,000. The loss of population in the District reflected, in part, a national shift from central cities to suburbs and also a drop-off in the numbers moving in from elsewhere. Between 1960 and 1976, the central city population in the countrary declined by 3.4 percent, but the District declined by twice that rate--7.2 percent. But while the District's population declined, the population of suburban areas expanded. In the 15 years between 1960 and 1975, more than one million people were added to the suburban population in Washington. The Maryland suburbs grew during that period mostly because of migration (including black migration) from the District. Virginia's suburbs grew mostly from migrations from elsewhere, particularly Virginia itself.

By 1943, the white population of the District began to decline. By 1974, the District, while containing only 23 percent of the total metropolitan population, accounted for 64 percent of its black population. By the middle of the next decade, the District of Columbia was among the leading cities in this country in the percentage of black citizens.

But, as this Committee knows, these patterns of three decades have begun to change. A recent report by George Grier indicates that the influx of young whites into the District has been exceeding the flow of young blacks into the city, while the pace of black suburbanization is picking up. Other analyses have found that, as incomes in black households improve, there is the same tendency to move up and out as we have seen in white households in the past. Suburbanization seems to be economically motivated, not solely racially motivated. These patterns are occurring in most of the advanced industrial countries.

My guess is that, while the District is experiencing this phenomenon more strongly than most other cities, it is a bellwether of changes to come in many cities during the 1980s and 1990s when black suburbanization will be occurring in the face of white re-discovery of the virtues of urban living.

The cause for this possible turnabout will be the changing social structure of households in the U.S. Despite the declining rate of natural population increase, the number of household formations in the United States will remain high through the 1980s because of the large numbers from the post-war generation entering adulthood. But these households will be much smaller than they have been in the past and distinctly different in character. There are many more households of singles, of two breadwinners with no children, of one-parent families, and of other unusual combinations. We can expect that a growing percentage of these new households will opt for urban neighborhoods rather than suburban housing as in the past. Some will also choose small communities in nonmetropolitan areas. While the greatest number of whites moving into minority neighborhoods are those who previously resided in some other part of the city, it is quite probable that young adults moving to the Washington metropolitan area in the coming years, particularly singles and two-breadwinner families with no young children, will be attracted to urban housing. This is likely to occur even as a growing number of black households will suburbanize as incomes rise and they are able to purchase better housing outside the District.

This raises the vitally important problem of how to help those still isolated from the benefits of these shifts, i.e., the poor and the unemployed.

The shift on the national level from manufacturing into services and government means that the current District economy, with its low proportion of employment in manufacturing as compared to services and government, is a forerunner of the future employment mix of the national economy.

Seventy-one percent of all workers in the Washington metropolitan area fall into the professional, technical, managerial, sales, and clerical categories. No other major metropolitan area comes close to this percentage, the next highest being the Denver-Boulder area with 62 percent. By contrast, the national proportion of white-collar workers is 49 percent.

The Washington metropolitan area is dominated by industries that employ large proportions of white-collar workers. Thirty-eight percent of all metropolitan area employment is in government, 23 percent is in services, and 19 percent is in trade. Within the District itself these industries dominate, although the government and service sectors provide a greater proportion of jobs while trade has a smaller share than in the total metropolitan area.

As is the case nationwide, white residents in the District of Columbia are relatively more concentrated in high-paying occupations. For example, 73 percent of all white men working in the District are employed as professional, technical, or managerial workers, compared to 17 percent of black men. Fifty-three percent of all white women are employed in these occupations, compared to 24 percent of black women. But most craftsmen who reside in the District (81 percent) are black men.

The concentration of any sizable group in a few occupations has economic implications. The impact falls both on wages and employment. Wages in the excluded occupations remain artificially high in the short run, while wages in those occupations in which blacks are over-represented are kept artificially low. The point is that discrimination in employment either against minorities (which comprise a sizable percentage of the District's population) or against women (who outnumber men, as discussed earlier) makes it difficult for the labor market to function smoothly. It reduces mobility of labor among occupations, causes unemployment to be artificially high, and makes earnings differentials artificially large as workers are unable to move from one occupation to another with relative ease. More importantly over the long run, it makes entry into occupations extremely difficult. The fewer the people who enter, the more artificially high are the earnings.

These conditions mean that the District has, is, and will continue to experience the problems of a large population isolated from the mainstream of its economy.

Even though the District of Columbia ranks second in the nation among the states in its per capita income, the rate of poverty among residents of the District of Columbia is 12.5 percent, as compared with 11.4 percent for the nation as a whole. At the time of the 1970 Census, 90 percent of the poor people in the District were black, although blacks only accounted for 74 percent of all families. Although this is a high-income metropolitan area, the median family income in the District was $10,8000 in the last decade compared to $12,341 for central cities in Standard Metropolitan Statistical Areas of one million or more across the nation.

Between 1960 and 1976, employment increased in the suburbs by 218 percent, while it increased in the District only by 16 percent. While this is considerably better than such cities as Jersey City, New York, and Buffalo, it is symbolic of major problems the District faces along with most other central cities in the U.S.

There are implications for the tax base. Even though the central business district is booming, many parts of the District are not. This has fiscal implications.

THE DISTRICT AS CITY, COUNTY, AND STATE

Because of its singular status, the District of Columbia must function as if it were a city, a county, and a state. The impact of these triple roles is felt in the budget. The District must provide many services and therefore make many expenditures than in other "cities" are often left to other levels of government.

It has been estimated, for example, that state services that the District finances amount to several hundred million dollars. These services include Medicaid, Air to Families with Dependent Children, corrections, courts, institutional care, and higher education.

Furthermore, many cities receive intergovernmental transfers of funds from states as well as from the Federal government. Hence, to some extent the Federal transfer to the District might be viewed partly as a substitute for the transfers that the District fails to get because it is not a conventional city within a state.

The budgets of many cities are lower than they would be if many functions were discharged by them rather than by special districts. Such districts are independent taxing and spending authorities and may take the form of independent school districts and water, sewer, and sanitation authorities. Since the District of Columbia does not have any special districts, the full costs of all such services are reflected in its budget.

Furthermore, many cities enter into interjurisdictional agreements which share and reduce costs. The District of Columbia participates in only one such agreements--the transportation authority, though it, does participate in a regional council of governments.

Conclusions

Rather than being unique among America's cities, the District of Columbia is probably a bellwether. Because the District's economy reflects the post-industrial world into which all of our cities are moving, what happens here is an indication of changes and problems to come in other cities. The higher rates of black suburbanization and of new white household formation in the city are but reflections of things to come in many other American cities.

As we watch these changes, it seems to me that the most intractable and critical problem is that of the structurally unemployed minority youths isolated and alienated from the mainstream of the economy. That is the District's and the nation's preeminent domestic problem.

And while it may be hackneyed to say it, the main solutions to this problem lie with our education and training programs and their relationship to the realities of the job market.

In a large number of American cities, we have an urban education system that is little more than a processing plant.

Our occupational training and public service job programs have been little more than holding tanks with no long term relevance to jobs.

And in a majority of large cities, there is no direct link or relevance between the real job market and these programs.

We can no longer afford the human and financial waste this represents. During the decade of the '80s we must crack this problem.

Our schools must be made relevant. Our training programs must be linked directly to jobs. Our job market must be operated so that these isolated young adults can share a stake in the economy now emerging. In the '80s, these can no longer be idle words.

It is true that, by themselves, the schools and our training programs cannot solve the problem. The issues involve far more than the schools. But they are certainly a critical part of the solution. And experience in other cities around the country certainly indicates what good school administration and teaching can do for the student.

I would like permission to submit for the record a series of articles appearing in the Cincinnati Post last February on making our urban schools work. A Post reporter, Robert Benjamin, found examples of schools in other cities across the country that are succeeding in their job. In Chicago; Houston; the Bronx; Madison Heights; Michigan; Louisville; and Modesto, California, he found examples of rigorous school administration and teaching that concentrated on the major mission: make the kids learn. The results are extraordinary.

Our task is to replicate these efforts in schools across the country and here in the District.

As for our occupational training programs, President Carter has already ordered the first step toward relating them directly to the job market and local economic development through the Unemployment Initiatives program. But the vocational education programs of the U.S. Department of Education are still outside this effort.

From 1965 to 1972, I served as Executive Director of the Appalachian Regional Commission. The Governors on that 13-state commission required vocational and technical education schools to tailor their training to occupational projections developed by the Commission and to relate the education they offered to real jobs. Up until that time, most Appalachian vocational students were being training in vocational agriculture and home economics. Yet only .6 percent of the jobs in Appalachia were in vocational agriculture. The turn-around in vocational education and occupational training has been one of the great success stories in the Southern Appalachian states. "Customized" training -- that is, training for specific employers -- is a critically important element in the success of economic development efforts in that part of Appalachia.

Unless our education and training systems are capable of providing employee-candidates with basic skills, only a few companies will be able to hire them and absorb the basic training costs required to make them capable of functioning in a job. This has been a major problem on the national agenda for over 15 years. It remains there. And we must solve it. For that reason, I believe it is the top priority for the District as well as for all of America's cities.

We have valiant examples to learn from: the Opportunity Industrialization Centers started by Rev. Leon Sullivan; the individual efforts of teachers, principals, and schools; special programs in a number of private companies; the efforts of Rev. Jesse Jackson.

But we must now multiply such examples many times over into a broadly-based national commitment that puts the future of these wasting young talents ahead of the sluggish imperatives of bureaucracy and 9 to 5 insensitivity. Craftmanship, accountability, and dedication must return to our civic enterprise, beginning with education and training.

The future well-being of the District depends on it. The future of America's cities depends on it. The future of the nation depends on it.

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APPENDIX

Table 1. Population of the Washington Metropolitan Area, District of Columbia, and Suburbs, by Race

Year and Race	Washington Metropolitan Area		District of Columbia		Suburbs	
	Population	Percentage	Population	Percentage	Population	Percentage
1950						
Total	1,460,089	100.0	802,178	100.0	658,911	100.0
White	1,117,930	76.6	517,865	64.6	601,065	91.2
Nonwhite	342,159	23.4	284,313	35.4	57,846	8.8
1960						
Total	2,001,897	100.0	763,956	100.0	1,237,941	100.0
White	1,502,429	75.0	345,263	45.2	1,157,166	93.5
Nonwhite	499,468	25.0	418,693	54.8	80,775	6.5
1970						
Total	2,861,102	100.0	756,492	100.0	2,104,610	100.0
White	2,131,043	74.5	210,863	27.9	1,920,180	91.2
Nonwhite	730,059	25.5	545,629	72.1	184,430	8.8
1974						
Total	3,061,000	100.0	722,300	100.0	2,338,700	100.0
White	2,173,600	71.0	195,000	27.0	1,978,600	84.6
Nonwhite	856,400	27.9	518,600	71.8	337,800	14.4
Not Reported	31,000	1.0	8,700	1.2	22,300	1.0

Sources: U.S. Bureau of the Census, Census of Population, 1950, 1960, and 1970; and District of Columbia, Department of Manpower, Manpower Information for Affirmative Action Programs, Fiscal Year 1976, Washington Metropolitan Area.

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Table 2. Population in Households by Sex and Race, Washington Metropolitan Area, 1970-74

Type of Household	1970	1974	1970-74 Change Number	1970-74 Change Percentage
Total Household Population	2,821,821	2,975,100	153,300	5.4
White	2,093,340	2,131,400	38,100	1.8
Nonwhite	728,340	843,600	115,260	15.8
Total Female Household Population	1,466,852	1,547,300	80,500	5.5
White*	1,081,701	1,104,200	22,500	2.1
Black	368,343	414,800	46,500	12.6
Other Minority**	16,808.	28,300	11,500	68.4
Spanish Language Population+	36,716	62,400	25,700	70.0
Total Male Household Population	1,354,869	1,427,700	72,800	5.4
White*	1,011,780	1,027,200	15,400	1.5
Black	328,485	373,500	45,000	13.7
Other Minority**	14,604	27,000	12,400	84.9
Spanish Language Population+	32,728	57,600	24,900	76.1

* Those who identified themselves as "Spanish Heritage" were included in the white population.

** "Other Minority" includes American Oriental, Indian, Hawaiian, Korean, Aleut, Eskimo, Malayan, Polynesian, etc.

+ "Spanish Language" figures should not be added into the totals since members of the Spanish language population who did not so identify themselves are included in the white and minority statistics.

Sources: U.S. Bureau of the Census, Census of Population, 1970; and District of Columbia, Department of Manpower, Manpower Information for Affirmative Action Programs, Fiscal Year 1976, Washington Metropolitan Area. Figures adjusted.

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Table 3. Population in Households by Sex and Race, District of Columbia, 1970-74

Type of Household	1970	1974	1970-74 Change	
			Number	Percentage
Total Household Population	715,392	681,200	-34,200	-4.8
White	181,309	169,100	-12,209	-6.7
Nonwhite	534,083	512,200	-21,883	-4.1
Total Female Household Population	387,303	367,900	-19,400	-5.0
White*	102,904	91,500	-11,400	-11.1
Black	279,823	271,200	-8,600	-3.1
Other Minority**	4,576	5,300	700	15.3
Spanish Language Population⁺	8,517	11,800	3,300	38.8
Total Male Household Population	328,089	313,300	-14,800	-4.5
White*	78,405	77,600	-800	-1.0
Black	245,198	233,500	-11,700	-4.8
Other Minority**	4,486	2,200	-2,300	-51.3
Spanish Language Population⁺	6,476	9,200	2,700	41.7

* Those who identified themselves as "Spanish Heritage" were included in the white population.

** "Other Minority" includes Orientals, American Indian, Hawaiian, Korean, Aleut, Eskimo, Malayan, Polynesian, etc.

⁺ "Spanish Language" figures should not be added into the totals since members of the Spanish language population who did not so identify themselves are included in the white and minority statistics.

Sources: U.S. Bureau of the Census, Census of Population, 1970; and District of Columbia, Department of Manpower, Manpower Information for Affirmative Action Programs, Fiscal Year 1976, Washington Metropolitan Area.

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Table 4. Population by Age and Race for the Washington Area, District of Columbia, and Suburbs, 1970

Age	Washington Metropolitan Area			District of Columbia			Suburbs		
	Total	White	Nonwhite	Total	White	Nonwhite	Total	White	Nonwhite
All Ages	2,861,102	2,131,043	730,059	756,492	210,863	545,629	2,104,610	1,920,180	184,430
Percentage	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Under 5	8.9	8.5	10.1	7.9	3.4	9.6	9.3	9.0	11.6
5-14	20.2	19.6	21.9	17.0	6.5	21.2	21.4	21.1	24.3
15-19	8.9	8.7	9.4	8.9	6.8	9.7	8.9	8.9	8.6
20-24	9.4	9.3	9.4	10.2	12.5	9.4	9.0	9.0	9.5
25-34	15.2	15.2	15.3	14.8	15.2	14.6	15.4	15.2	17.3
35-44	12.5	12.6	12.1	11.3	9.8	11.9	12.9	13.0	12.7
45-54	11.6	12.1	9.9	11.1	12.3	10.7	11.7	12.1	7.8
55-59	4.2	4.3	3.8	5.0	7.1	4.2	3.9	4.0	2.6
60-64	3.2	3.3	2.9	4.3	7.2	3.2	2.8	2.8	2.0
65 and over	6.0	6.4	5.1	9.4	19.2	5.6	4.8	4.9	3.6

Source: U.S. Bureau of the Census, Census of Population, 1970.

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Table 5. Total Nonfarm Wages and Salary Employment for the Washington Metropolitan Area, District of Columbia, and Suburbs, Selected Years (In Thousands)

Year	Washington Metropolitan Area		District of Columbia		Suburbs	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
1960	744.3	100.0	502.4	67.5	241.9	32.5
1970	1,182.6	100.0	564.6	47.8	618.0	52.3
Change	438.3	58.9	62.2	12.4	376.1	155.5
1970	1,182.6	100.0	564.6	47.7	618.0	52.3
1976	1,352.7	100.0	582.0	43.0	770.7	57.0
Change	170.1	14.4	17.4	3.1	152.7	24.7
1960	744.3	100.0	502.4	67.5	241.9	32.5
1976	1,352.7	100.0	582.0	43.0	770.7	57.0
Change	608.4	81.7	79.6	15.8	528.8	218.6

Source: District of Columbia, Department of Manpower.

Table 6. Nonfarm Employment by Industry, District of Columbia (In Thousands)

Industry	1960	1970	1976	Percentage Change 1960-70	Percentage Change 1970-76
TOTAL WAGE AND SALARY EMPLOYMENT	502.4	564.6	582.0	12.4	3.1
Manufacturing	20.2	18.6	16.0	-7.9	-14.0
Food	5.4	2.6	1.2	-51.9	-53.9
Printing and Publishing	11.3	13.0	12.5	15.0	-3.9
Other	3.5	3.0	2.3	-14.3	-23.4
Construction	20.8	19.5	19.9	-6.3	2.1
Transportation, Communications, and Public Utilities	28.2	30.7	28.7	8.9	-6.6
Transportation	15.0	11.3	11.7	-24.7	3.5
Communications and Public Utilities	13.2	19.4	17.0	47.0	-12.4
Trade	84.0	79.9	66.5	-4.9	-16.8
Wholesale	19.5	19.1	14.2	-2.1	-25.7
Retail	64.5	60.9	52.3	-5.6	-14.2
General Merchandise	14.1	11.1	9.7	-21.3	-12.7
Food	6.1	5.4	4.5	-11.5	-16.7
Automotive	6.8	5.2	3.6	-23.6	-30.8
Apparel and Accessories	5.4	5.1	4.4	-5.6	-13.8
Eating and Drinking Places	16.7	19.4	19.1	16.2	-1.6
Miscellaneous	15.4	14.7	10.9	-4.6	-25.9
Finance, Insurance, and Real Estate	27.5	33.3	32.9	21.1	-1.3
Service	92.8	135.6	149.1	46.1	10.0
Hotels and Lodging Places	8.7	9.5	8.7	9.2	-8.5
Personal Services	9.5	7.8	5.2	-17.9	-33.4
Other	74.6	118.3	135.2	58.6	14.3
Government	228.9	246.9	269.0	7.9	9.0
Federal	203.0	200.3	221.2	-1.3	10.4
Local	25.9	46.6	47.8	79.9	2.6

Source: District of Columbia, Department of Manpower, mimeo.

Table 7. Nonfarm Employment in the Washington Metropolitan Area and District of Columbia, Percentage Distribution

Industry	Washington Metropolitan Area			District of Columbia		
	1960	1970	1976	1960	1970	1976
TOTAL WAGE AND SALARY EMPLOYMENT (In Thousands)	744.3	1182.6	1352.7	502.4	564.6	582.0
Percentage	100.0	100.0	100.0	100.0	100.0	100.0
Manufacturing	4.7	3.8	3.5	4.0	3.3	2.7
Food	1.0	0.6	0.4	1.1	0.5	0.2
Printing and Publishing	1.8	1.6	1.5	2.2	2.3	2.1
Other	1.9	1.7	1.6	0.7	0.5	0.4
Construction	6.7	5.9	5.4	4.1	3.5	3.4
Transportation, Communications, and Public Utilities	6.0	5.2	4.7	5.6	5.4	4.9
Transportation	3.6	2.5	2.4	3.0	2.0	2.0
Communications and Public Utilities	2.4	2.6	2.3	2.6	3.4	2.9
Trade	19.8	19.4	19.2	16.7	14.2	11.4
Wholesale	3.6	3.3	3.1	3.9	3.4	2.4
Retail	16.2	16.1	16.1	12.8	10.8	9.0
General Merchandise	3.1	3.1	3.1	2.8	2.0	1.7
Food	2.3	2.4	2.2	1.2	1.0	0.8
Automotive	2.2	2.2	2.1	1.4	0.9	0.6
Apparel and Accessories	1.2	1.1	1.0	1.1	0.9	0.8
Eating and Drinking Places	3.8	3.8	4.4	3.3	3.4	3.3
Miscellaneous	3.7	3.5	3.3	3.1	2.6	1.9
Finance, Insurance, and Real Estate	5.5	5.8	5.8	5.5	5.9	5.7
Service	18.3	21.5	23.1	18.5	24.0	25.6
Hotels and Lodging Places	1.3	1.2	1.3	1.7	1.7	1.5
Personal Services	2.1	1.6	1.2	1.9	1.4	0.9
Other	15.0	18.7	20.7	14.8	21.0	23.2
Government	39.0	38.5	38.3	45.6	43.7	46.2
Federal	31.7	27.1	26.1	40.4	35.3	38.0
State and Local	7.3	11.4	12.2	5.2	8.3	8.2

Source: District of Columbia, Department of Manpower, mimeo.

Table 8. Employment by Industry in the Washington Metropolitan Area, 1974 and Projected to 1985

Industry	Actual 1974	Projected 1985	Percentage Change 1974-85
ALL INDUSTRIES	1,416,660	1,795,290	26.7
Agriculture, Forestry, and Fisheries	9,730	8,220	-15.5
Mining	1,100	1,020	-7.3
Construction	106,940	127,680	19.4
General Building	29,090	33,030	13.5
General Contractors, except Building	25,000	31,080	24.4
Special Trade Contractors	52,850	63,560	20.3
Manufacturing	65,250	74,160	13.7
Durable Goods	20,640	24,230	17.4
Nondurable Goods	44,610	49,930	11.9
Printing and Publishing	34,820	41,320	18.6
Other	9,790	8,610	-12.1
Transportation, Communications, and Public Utilities	79,260	99,000	24.9
Transportation	39,660	47,860	20.7
Communications	20,960	26,330	25.6
Utilities and Sanitary Services	18,640	24,810	33.2
Wholesale and Retail Trade	259,790	328,030	26.3
Wholesale Trade	42,760	54,000	26.3
Retail Trade	217,030	274,030	26.3
General Merchandise	46,730	59,990	28.4
Food and Dairy Stores	28,710	36,870	28.4
Auto Dealers and Gas Stations	26,030	34,740	33.5
Apparel and Accessories	14,420	18,180	26.1
Furniture and Appliances	10,760	13,810	28.3
Eating and Drinking Places	54,410	67,290	23.7
Miscellaneous Retail Stores	35,970	43,160	20.0
Finance, Insurance, and Real Estate	87,220	118,280	35.6
Finance	31,480	43,510	38.2
Insurance	20,190	26,990	33.7
Real Estate	35,560	47,780	34.4

Table 8. (CONTINUED)

Industry	Actual 1974	Projected 1985	Percentage Change 1974-85
Services	456,920	601,790	31.7
Hotels and Lodging Places	17,010	22,020	29.5
Personal Services	20,300	21,950	8.1
Business Services	67,780	100,310	48.0
Auto and Other Repair Services	11,350	15,090	33.0
Motion Pictures and Other Entertainment	12,020	14,780	23.0
Medical and Other Health Services	86,730	140,230	61.7
Legal Services	16,120	21,940	36.1
Educational Services	101,870	119,650	17.5
Museums, Art Galleries, and Zoos	2,830	3,670	29.7
Nonprofit Organizations	59,890	70,200	17.2
Engineering, Accounting, and Other Professional Services	38,250	56,110	46.7
Government	350,450	437,110	24.7
Federal	308,390	386,880	25.5
State	21,180	24,760	16.9
Local	20,880	25,470	22.0

Source: District of Columbia, Department of Manpower, Industrial and Occupational Employment to 1985, July 1977.

Table 9. Distribution of Employment by Industry for the Washington Metropolitan Area and the United States, Projections to 1985

Industry	Washington Metropolitan Area 1974	Washington Metropolitan Area 1985	United States 1973	United States 1985
TOTAL	1,416,660	1,795,290	89,654,000	109,565,000
PERCENTAGE	100.0	100.0	100.0	100.0
Agriculture	0.7	0.5	3.8	2.1
Mining	0.1	0.1	0.8	0.8
Construction	7.5	7.1	5.4	5.3
Manufacturing	4.6	4.1	22.8	20.6
Durable Goods	1.5	1.3	13.5	12.5
Nondurable Goods	3.1	2.8	9.4	8.2
Transportation and Public Utilities	5.6	5.5	5.4	4.9
Trade	18.3	18.3	21.7	21.2
Wholesale	3.0	3.0	4.9	4.7
Retail	15.3	15.3	16.7	16.5
Finance, Insurance, and Real Estate	6.2	6.6	5.0	5.4
Service	32.3	33.5	19.8	22.1
Government	24.7	24.3	15.3	17.7
Federal	21.8	21.5	3.0	2.7
State and Local	3.0	2.8	12.4	14.9

Sources: District of Columbia, Department of Manpower (see also Table 8); and Thomas J. Mooney and John H. Tchetter, "Revised Industry Projections to 1985," Monthly Labor Review (November 1976):6.

TABLE 10

Student Population Changes

City	1968	1969	1970	1971	1972	1973	1974	1975	Net Loss*	% Decrease
Atlanta	111,227	109,664	105,598	100,316	96,006	88,125	85,298	84,300	26,927	24.2%
Baltimore	192,171	193,123	192,458	190,735	186,507	182,733	182,733	171,451	21,[illegible]	11.2%
Boston	94,174	94,887	96,696	96,583	96,239	93,647	87,169	76,005	18,802	19.9%
Buffalo	72,115	71,441	70,305	68,217	64,752	60,752	58,950	56,879	15,236	21.1%
Chicago	582,274	582,071	577,679	574,495	553,342	539,365	530,188	530,000	52,274	9.0%
Cleveland	156,054	150,718	153,619	148,854	145,196	137,569	132,029	127,123	28,931	18.5%
Dade County (Miami)	232,465	244,016	240,447	244,765	241,809	244,395	246,548	244,439	2,109	0.9%
Dallas	159,924	162,490	164,736	157,799	154,581	153,549	149,510	142,034	27,702	13.7%
Denver	96,577	96,634	97,920	94,808	91,616	87,620	79,670	76,503	21,425	21.8%
Detroit	296,097	288,383	284,396	282,076	276,655	263,958	257,396	246,981	49,116	16.6%
Long Beach	72,065	70,472	69,927	69,205	63,838	62,413	62,339	59,271	12,794	17.8%
Los Angeles	653,549	654,654	642,895	633,951	620,659	611,228	598,314	609,645	45,009	6.8%
Memphis	125,813	134,190	148,304	145,903	139,714	119,542	120,186	118,267	30,037	20.3%
Milwaukee	130,445	132,462	132,349	131,815	127,986	123,224	118,474	115,700	16,762	12.6%
Minneapolis	70,006	68,278	66,958	65,201	61,565	58,833	56,161	53,791	16,215	23.2%
Nashville	93,720	95,821	95,313	88,190	85,406	83,521	80,118	80,231	15,590	16.2%
New Orleans	110,783	110,664	109,856	108,969	103,839	98,828	93,927	95,729	15,054	13.6%
New York City	1,063,787	1,115,870	1,140,359	1,131,058	1,125,449	1,104,920	1,103,406	1,102,905	37,454	3.2%
Oakland	64,102	61,679	67,830	67,323	65,189	60,703	61,559	54,768	13,062	19.3%
Philadelphia	282,617	283,209	279,829	273,458	282,965	267,902	266,500	262,500	20,709	7.3%
Pittsburgh	76,268	73,500	73,481	71,502	70,080	68,414	66,106	63,629	12,639	16.8%
Portland	78,413	77,806	76,206	72,694	68,632	66,325	63,514	62,002	16,411	20.9%
St. Louis	115,582	113,374	111,233	107,986	105,617	98,850	93,320	86,999	28,581	24.7%
San Diego	128,914	129,531	128,783	128,327	124,487	123,466	123,114	122,000	7,531	5.8%
San Francisco	94,154	93,139	91,150	83,584	81,970	78,010	67,719	70,777	23,377	24.5%
Toledo	61,684	62,965	61,699	62,597	61,694	59,911	59,049	56,943	6,022	9.6%
Washington	148,725	148,931	145,330	141,806	140,000	136,036	130,807	130,685	18,246	12.2%

*Net Loss = The difference between the 1975 enrollment figure and the maximum enrollment figure during the time period 1968 to 1975.

SOURCE: Office of Civil Rights: Educational Research System Bulletin, 1975 Fall Enrollment Data and Council Member School Districts' Fall Enrollment Data 1968-74.

Compiled by: Council of the Great City Schools, Washington, D.C., January 1976.

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TABLE II

Comparison of the Number of Title I Youth and AFDC Children in Selected Cities and Corresponding States with the Total Enrollment in Those Cities and States; 1975

School System	State Enrollment	City Enrollment	City Enrollment As % of State Enrollment	State Title I Children	City Title I Children	City Title I Eligibles as % of City School Enrollment	State School-Age AFDC Children as % of State Enrollment	City Title I Eligibles as % of State AFDC Children
Atlanta, Ga.	1,090,292	84,300	7.7	297,516	25,290	30.0	27.3	8.5
Baltimore, Md.	880,927	166,370	18.9	128,503	54.736	32.9	14.6	42.6
Boston, Mass.	1,198,410	76,005	6.3	155,208	34,734	45.7	13.0	22.4
Buffalo, N.Y.	3,401,214	56,879	1.7	779,971	30,260	53.2	22.9	3.9
Chicago, Ill.	2,269,692	526,716	23.2	397,602	213,320	40.5	17.5	53.7
Cleveland, Ohio	2,292,647	128,127	5.6	292,068	44,204	34.5	12.7	15.1
Dade County, Fla	1,551,373	244,439	15.8	305,551	46,443	19.0	19.7	15.2
Dallas, Tx	2,812,888	142,034	5.0	645,142	43,036	30.3	22.0	6.7
Denver, Colo	569,128	76,503	13.4	79,711	19,967	26.1	14.0	25.0
Detroit, Mich	2,073,288	246,980	11.9	311,549	91,630	37.1	15.0	29.4
Long Beach, Cal	4,419,571	59,271	1.3	712,390	10,669	18.0	16.1	1.5
Los Angeles, Cal	4,419,571	609,645	13.8	712,390	151,192	24.8	16.1	21.2
Memphis, Tenn	876,926	118,267	13.5	247,910	49,435	41.8	28.3	19.9
Milwaukee, Wis	964,219	115,676	12.0	126,609	32,389	28.0	13.1	25.6
Minneapolis, Minn	879,944	53,791	6.1	118,582	14,039	26.1	13.5	11.8
Nashville, Tenn	876,926	80,231	9.1	247,910	16,608	20.7	28.3	6.7
New Orleans, La	847,202	95,729	11.3	312,211	54,278	56.7	36.9	17.4
New York City	3,401,214	1,102,905	32.4	779,971	505,130	45.8	22.9	64.8
Norfolk, Va	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Oakland, Cal	4,419,571	54,768	1.2	712,390	20,209	36.9	16.1	2.8
Philadelphia, Pa	2,246,218	265,674	11.8	368,354	114,505	43.1	16.4	31.1
Pittsburgh, Pa	2,246,218	63,629	2.8	368,354	24,052	37.8	16.4	6.5
Portland, Ore	477,559	62,002	13.0	65,075	13,144	21.2	13.6	20.2
St. Louis, Mo	965,360	86,999	9.0	178,961	37,062	42.6	18.5	20.7
San Diego, Cal	4,419,571	121,953	2.8	712,390	20,000	16.4	16.1	2.8
San Francisco	4,419,571	70,777	1.6	712,390	25,267	35.7	10.1	3.5
Toldeo, Ohio	2,292,647	56,943	2.5	44,178	10,876	19.1	12.7	3.7
Washington, D.C.	130,685	130,685	100.0	44,178	44,178	33.8	33.8	100.0

Compiled by the Council of the Great City Schools, 1977

The Cincinnati Post
Saturday morning, Februrary 9, 1980

Making schools work

"A free public school system knows no distinction of rich and poor, of bond and free, or between those who, in the imperfect light of this world, are seeking, through different avenues, to reach the gate of heaven."
—Horace Mann, 1848

THE DREAM of Horace Mann, the father of American public education, remains unfulfilled.

Contrary to the persistent myth of equality, America's public schools have never equipped the children of the poor for anything but a second-class role in this country's society.

Educators like nothing better than to point to singular examples of poor kids who've made it, but the public schools everywhere amplify—more often than they reduce—the economic and social inequities of American life.

Compare the average reading achievement test scores at schools in your area with the average family incomes of their students: More than likely, the two go hand-in-hand.

Indeed, the most extensive examination of student achievement ever conducted in this country, James Coleman's 1966 "Equal Educational Opportunity Survey," concluded: "The inequities imposed on children by their home, neighborhood and peer environment are carried along to become the inequities with which they confront adult life at the end of school."

Robert Benjamin

So great is the achievement gap between low-income and middle-class students that a recent Carnegie Foundation report on youth and schools warned: "We are in danger of developing a permanent underclass, a self-perpetuating culture of poverty, a substantial and continuing 'lumpen-proletariat' in the home of opportunity where every man is the equal of every other man."

There are two common explanations for why schools usually don't make much difference in the lives of low-income children:

The most prevalent view places the blame on the students, pointing to their family and social environments or to their supposed limited abilities. This view—often espoused by educators—excuses school systems from responsibility.

The second view blames the system of American education itself, pointing to the middle-class values embodied by educators and to ingrained racism and classism. This view simply dismisses any hope that public education can do much for those who are most dependent on it.

Urban school systems face a higher percentage of low-income students with each new school year. Breaking this cycle of failure is public education's challenge in the 1980s.

The Cincinnati Post—with support from the Ford Foundation and the Institute of Educational Leadership at George Washington University—sought some of the solutions. Reporter Robert Benjamin spent three months traveling coast-to-coast in search of the most effective elementary schools and programs in urban America.

Here is the first of his reports:

Back to basics:

First of seven articles
By Robert Benjamin
Post Staff Reporter
© Copyright 1980, The Cincinnati Post

CHICAGO, Ill.—No time for talking, not a moment to spare. A new school day is dawning at the Beasley Academic Center, and Maggie Brown Thompson's third-graders silently stream in, ready to work.

They take their appointed seats in Room 220 with businesslike dispatch and attentive postures. Last night's homework—two hours of old-fashioned grammar—emerges from dog-eared folders for grading.

No one's at the pencil sharpener. The corridors are clear. A sense of organized urgency pervades the air.

The nuts and bolts of reading are all around. Paragraph and sentence drills fill the front board; short essay questions line the board in the back. Atop each desk are a piece of paper, a worksheet on prefixes and books that teach the skill of getting the main idea from reading passages.

After 30 seconds of directions, each of the 32 black children attacks the morning's tasks.

It's 9:07, and everyone knows what to do, what's expected.

"The first thing is you can't waste any time at all," explains Mrs. Thompson, a tall, thin black woman so strong-minded she'd send shivers up the spines of most of her colleagues across the country.

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The Cincinnati Post, Saturday, February 9, 1980

These kids can learn'

"Kids don't start by themselves. You cannot teach if you're not organized. The average child works because something's expected, because there's a goal."

ACROSS State Street—deep in the heart of the south side of this city—day breaks, too, for the teen-agers huddling in the graffiti marked vestibules of the twenty-eight 16-story towers in the world's largest housing project. But dawn at the Robert Taylor Homes portends only another round of dim expectations and thwarted goals.

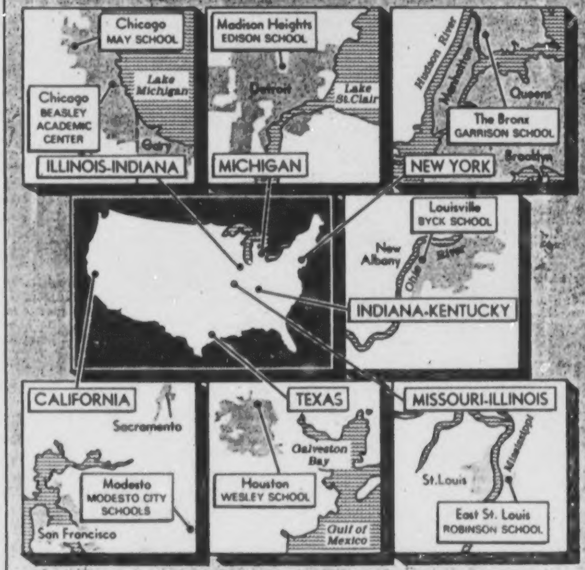
A high-rise ghetto stretching for more than two miles, the massive, prison-like buildings present a stark landscape, a nightmare of public planning well deserving their local epithet, "the world's largest mistake." More than 28,000 people—all black, nine out of 10 on welfare—are stockpiled here in about 4300 apartments spaced along outdoor hallways covered in wire mesh.

Cops won't go inside. Taking the elevator can mean an hour's wait; the stairwells are for muggings. At night, the sound of gunfire mingles with the slamming of hundreds of doors. For half the children in Room 228, it is home.

"SOMEONE is talking," Mrs. Thompson says pointedly. She puts her hand on her hip and looks across the classroom, a striking figure in her gray, high-collared pantsuit. "I should only hear the person to whom I have directed a question."

See PROVING, Page 8A

A nationwide search for schools that work


Chicago
MAY SCHOOL
Lake Michigan
Chicago
BEASLEY ACADEMIC CENTER
Gary
ILLINOIS-INDIANA
Madison Heights
EDISON SCHOOL
Detroit
Lake St.Clair
MICHIGAN
Hudson River
Manhattan
Queens
The Bronx
GARRISON SCHOOL
Brooklyn
NEW YORK
Louisville
BYCK SCHOOL
New Albany
Ohio River
INDIANA-KENTUCKY
CALIFORNIA
Sacramento
Modesto
MODESTO CITY SCHOOLS
San Francisco
TEXAS
Galveston Bay
Houston
WESLEY SCHOOL
Gulf of Mexico
MISSOURI-ILLINOIS
Mississippi
St.Louis
East St. Louis
ROBINSON SCHOOL

Continued from Page 1A

Black English is not spoken here; distractions are not tolerated. And reading is No. 1:

Students get phonics drills, listen-and-write exercises twice a day and high-speed question-and-answer sessions in the tight half-circles of their reading groups. They have timed tests on skills such as spelling, looking words up in the dictionary and subject-verb agreement. And they read aloud with inflection—all the periods, commas, question marks in their voices.

There is reading until at least 1:30 p.m., leaving but an hour a day for everything else.

And always the indomitable Mrs. Thompson is pushing, driving these very able, willing children over what she calls "the hump": reading at grade level by mid-year. After all, the tests are in April.

"Everything I do, I have a reason," she says. "Everything that's on the board relates to the skills on the tests. I don't particularly believe in tests, but this is life, and they have to take them and pass them in order to be promoted.

"So we don't sit around matching words; we read. I don't care how good a teacher you are, if you're not zeroing on what the child is to know, then you're not teaching.

"If I can't get every child to read, I need help.

"You can't sit around in your room and do nothing. In Chicago, you can get away with that. But, not in this school."

WELCOME to the Beasley Elementary School—no, the Beasley *Academic Center*, Chicago's first "back-to-the-basics" school.

The morning's first recess begins; neat, no-nonsense lines of young students file quietly down the block-long hallway. A group of eighth-graders passes to the next classroom arranged by height, from the smallest to the tallest. "It looks nicer that way ... and the kids like it," their teacher allows.

A fifth-grader spies two boys walking down the hall ahead of her, harmlessly scratching a capped pen along the concrete wall. "*They* should be *out* of *this* school," she offers, clearly embarrassed.

Welcome to Beasley, the school that has come to be known in this city that used to work as the "school that works." Or, as one local paper dubbed it, the school that is "almost too good to be true."

First-graders crowd around a large chart in their room, checking and comparing their reading skills.

An eighth-grade discussion grows heated. "I'm going to prove my point," challenges their teacher. "You've got to prove yours."

An 11-year-old ignores his free lunch for a moment to reflect: "There's everything at this school." And his buddies chime in: "Yeah, you're supposed to act real smart; they make you real smart."

Welcome to the highest eighth-grade reading scores in the nation's third-largest school system.

To the top attendance rate in the city.

To a public school with a waiting list for both students and teachers.

To the flagship of District 13, the very poorest area in Chicago, with the very lowest student achievement scores.

To the vivid product of Alice Blair's continuing struggle to show that "these kids can learn."

●

ALICE BLAIR, a plucky, [illegible]-year-old grandmother, came home to head District 13 in 197[illegible], bearing a hard-won reputation as a miracle worker and an educational philosophy expressed by the sign on her office wall: "If God had wanted permissiveness, he would have given the Ten Suggestions."

Blair's childhood home was torn down when the Taylor Homes were built; she attended DuSable High, where her office is today. Before becoming superintendent of the 13,000-pupil subdistrict, one of 27 within Chicago, she had spent five years cleaning up perhaps the roughest elementary school in the city, right across the street from another dismal housing project.

"We don't sit around matching words; we read. I don't care how good a teacher you are, if you're not zeroing on what the child is to know, then you're not teaching.

"I just never knew there was such a problem getting kids to read," she said. "We just taught them. Now, you hear it everywhere: 'These kids can't learn.'

"It's a self-fulfilling prophecy; I don't buy it. My biggest job here has been getting teachers and principals to believe all kids can learn.

"I didn't want them sitting around talking about the socioeconomic situation of the children, what they had for breakfast and all that. I wanted them to know the skills they were to teach and to give all the kids a lot of practice in those skills."

AND SO Blair laid down a series of mandates, not all of them written or entirely in line with the rules of the Chicago schools:

Every single class in District 13 would be reading at 9:30 every morning. Teachers would go over phonics (letter-sound association) charts and give dictations (listen-and-write exercises) daily. Every school would use the same series of readers. Every principal would report monthly on each of his classes' progress. A cadre of reading consultants—her "storm troopers"—would float around, monitoring teachers.

Every parent was sent a pamphlet, outlining her "Passport to Excellence Plus" plan: a renewed emphasis on the three Rs, clear behavior and dress codes, regular homework and a minimum reading achievement standard for promotion to high school (later adopted by Chicago at large). Parents were asked to sign "contracts" indicating their agreement and support.

And then came Beasley, her showcase.

No one wanted to send his kids to school at 52nd and South State streets, across from the Taylor Homes. No white teachers would come to work there. The proposed school had been on the drawing boards for 10 years with no action.

But Blair was determined, and she "played all sorts of games to have that school built." She called it a "kindergarten through sixth-grade school with a middle-school component." She called it a "magnet school." She called it anything that the powers downtown wanted to hear.

The name didn't matter. What counted was a greater-than-normal degree of control over who would work there.

"MY IDEA," she said, "was that, if you could take a certain kind of principal committed to basic education, as many outstanding teachers as you could find and some parental involvement, then you could create an outstanding school—no matter where it was."

Beasley opened in the fall of 1978 with Bill McNerney—a plump, pixie-like man with a quiet demeanor and a sharp eye for judging teaching talent—as that "certain kind of principal." Armed with the special right to select two-thirds of his staff—twice the norm—McNerney set out to find and develop what he calls his "superstars," teachers like Maggie Brown Thompson.

Don't look for McNerney in his office; he spends his time wandering Beasley's halls, watching and listening, particularly to that new teacher, that problem teacher. Or he's sitting in a classroom in another Chicago school, recruiting.

"The first thing I look for," he said, "is a pleasant quality about the classrooms—not 'open,' but not a stillness either. I want people who talk softly, who don't have to yell. And then there's kids raising their hands, papers posted of recent work, quickly graded work—all of which says, 'I consider what you do important.'

"It's easy," he said, his eyes narrowing, his hands going up for emphasis. "Usually, they're islands of sanity in their schools."

LASTLY, Blair rigged another critical ingredient at Beasley: She put out a districtwide call for the best students.

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Proving a point: All kids can learn

Alice Blair, superintendent of Chicago's District 13, brought the Beasley Academic Center to life.

District 13 principals didn't relish giving up what Blair calls their "sparkplugs." In some cases, they sent primary-grade kids who didn't even know their names; about 70 children were sent back within a couple of months. Beasley ended up with about 1000 pupils its first year: all black, 80 percent from District 13, 65 percent from the Taylor Homes and the lowest achieving not too far below grade level.

In its second year, Beasely tightened its entrance requirements with its own reading test. And its enrollment from District 13 and the Taylor Homes has dropped about 10 to 15 percent. It is becoming what a principal in another city calls a "no-nurd" school, a private public school. And for that it has come under fire.

"Beasley is a fraud," said one Chicago school official, "particularly if you're trying to make a statement about how to teach all kids. It's not an example of a successful school; it's an example of successful learners being lumped together.

"Blair is encouraging parents to believe if they can get their kid into Beasley, he'll become a genius. If they can get their kid into Beasley, the kid was learning all along.

"Beasley may be taking kids out of an environment of failure at other schools, but it's creating nightmares in the schools from which it's draining the best students."

INDEED, the tragic side of Beasley may be that it works in part because the last place that both its students and teachers want to return is their neighborhood school, like the Terrell School, two blocks away, where children tear wildly down paper-littered halls and spray paint decorates the outside walls.

Terrell's principal is diplomatic when asked about losing more than 50 of her top students to Beasley, but it is clear that all Blair's mandates have not automatically improved the situation there. "We say, 'Hats off in the building and don't chew gum,' but, if the kids don't do it, we can't send them someplace else like Beasley can," the principal said. "We have to deal with the problems."

District 13 test data show that its students are now gaining each year at about the citywide average in reading. But the achievement scores at Terrell and many other area schools have dropped since Beasley's birth.

These criticisms are a "cop-out," Blair said, noting that 103 of the 110 pupils in Beasley's system-leading eighth-grade were from poverty-ridden District 13. "Many of these youngsters were not doing so well before Beasley. They weren't challenged to work up to their capacities, to demonstrate how bright they could be.

"No one ever recognised that there were any bright students in this district before. Everyone automatically assumed that District 13 was the worst; well, we're not anymore.

"So the charge of elitism doesn't bother me. When a school in District 13 begins to be called 'elite,' I say that's something.

"If nothing else, I've shown what these kids can do."

As one longtime observer of the overwhelmingly segregated Chicago schools put it: "People here figured if you had a school that's filled with poor black kids, it would be a mess. Blair's shown that's simply not true."

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SO THE FIRST lesson of Beasley is that there are kids out there who want to to work, who want what an effective school can offer—even amid what one teacher calls "the worst living situation imaginable."

There are kids out there like eighth-grader Orlando Ruiz, who reads as well as an 11th-grader but whose mother had to kick him out of their ninth-floor Taylor Homes apartment each day to get him to attend his last school.

"It's better here," he said. "They expect more, you do more. They trust you here. It's not that hard if you study, if you want to make it."

And there are superb teachers out there, too, even within a heavily unionised, financially troubled, battle-weary system like Chicago's. Hard-nosed, goal-oriented teachers like Mrs. Thompson and Arletta Cason, who "couldn't stand" her previous school, "where everyone was saying the children were dumb—don't bother teaching anything because they won't learn anyway. This is were I want to be."

But perhaps the overriding lesson of Beasley—particularly for those tempted to give up on the frustrating challenges facing the public schools—is that it is still possible to create a school in which teachers are personally accountable for how they spend their classroom time.

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BEASLEY'S staff has one priority: the basic skills, reading in particular. And the schoolday has been restructured to provide more time—almost all day, if necessary—to achieve that goal. Pupils aren't even allowed to attend music and art classes unless they are at grade level in reading.

It would seem unnecessary to have to formally prove it, but studies show that an increase in total time spent directly on academic subjects and texts—as opposed to related games, stories or audio-visual activities—results in significant gains in student achievement. The longtime advocates of less-structured classroom activities, however, have turned many schools away from this axiom.

In class, Beasley's teachers don't mess around; they can't afford to. Their conversations about the school are peppered with "she...she...she"—constant references to Alice Blair breathing down their necks.

"She's difficult and demanding," the school's reading coordinator said of Blair. "But she's doing her job, and she expects you to do yours. You can't take a mental day off here, they don't leave you alone.

"We've had lots of money in the schools before, and machines to teach reading, reading through this and reading through that. But we've never had this kind of teacher contact with students. It's working, working because there's leadership."

IT IS WORKING so well that Blair's next challenge will be to limit the hundreds of black middle-class parents who, despite their deep aversion to the Taylor Homes area, are clamoring to pull their children out of their neighborhood public and parochial schools and put them on a bus for Beasley. Chicago's aldermen even have tried to place calls on behalf of some parents to Blair and board of education members.

And about 20 white students have found their way to Beasley now, a remarkable fact for Chicago. "It's unbelievable," said the parent of an eighth-grader, Mrs. Maxine Rautanen, who lives in what she called a "white stronghold" near the Indiana border where a lot of Chicago's police officers also live.

"We had to put up with a lot of static from the neighbors for sending him to school on the south side. But the schools here are a big joke, the teachers, students, principal all think it's just so funny. They called him a behavior problem at his old school; why is he acting so much better now?"

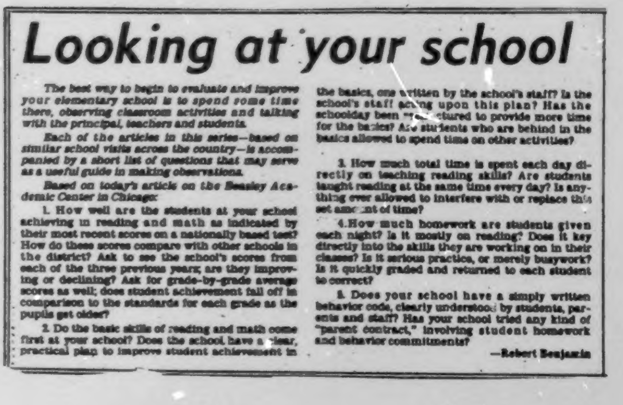
As for those living across the street in the Taylor Homes, "all the parents say the same thing: Beasley's the best," said Orlando Ruiz's mother, Mrs. Laura Duckworth. "I meet them in the grocery store, and they say Beasley kids are getting something extra, the teachers are giving more.

"Everyone's trying to get their kids into Beasley."

MONDAY: Mastery Learning in Chicago

Beasley students pass through the school's hallways in long, orderly lines.

The Cincinnati Post - February 9, 1980



Looking at your school

The best way to begin to evaluate and improve your elementary school is to spend some time there, observing classroom activities and talking with the principal, teachers and students.

Each of the articles in this series—based on similar school visits across the country—is accompanied by a short list of questions that may serve as a useful guide in making observations.

Based on today's article on the Beasley Academic Center in Chicago:

1. How well are the students at your school achieving in reading and math as indicated by their most recent scores on a nationally based test? How do these scores compare with other schools in the district? Ask to see the school's scores from each of the three previous years; are they improving or declining? Ask for grade-by-grade average scores as well; does student achievement fall off in comparison to the standards for each grade as the pupils get older?

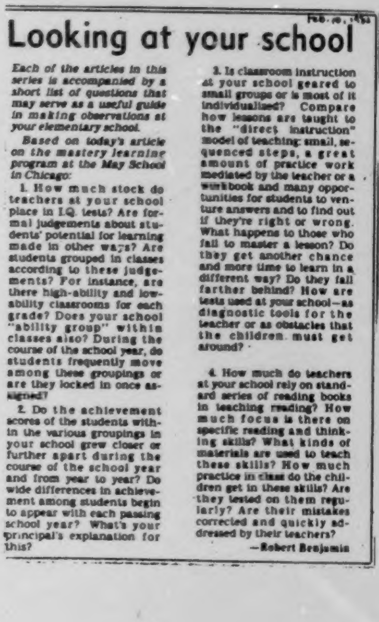
2. Do the basic skills of reading and math come first at your school? Does the school have a clear, practical plan to improve student achievement in the basics, one written by the school's staff? Is the school's staff acting upon this plan? Has the schoolday been restructured to provide more time for the basics? Are students who are behind in the basics allowed to spend time on other activities?

3. How much total time is spent each day directly on teaching reading skills? Are students taught reading at the same time every day? Is anything ever allowed to interfere with or replace this set amount of time?

4. How much homework are students given each night? Is it mostly on reading? Does it key directly into the skills they are working on in their classes? Is it serious practice, or merely busywork? Is it quickly graded and returned to each student to correct?

5. Does your school have a simply written behavior code, clearly understood by students, parents and staff? Has your school tried any kind of "parent contract," involving student homework and behavior commitments?

—Robert Benjamin



Feb. 10, 1980

Looking at your school

Each of the articles in this series is accompanied by a short list of questions that may serve as a useful guide in making observations at your elementary school.

Based on today's article on the mastery learning program at the May School in Chicago:

1. How much stock do teachers at your school place in I.Q. tests? Are formal judgements about students' potential for learning made in other ways? Are students grouped in classes according to these judgements? For instance, are there high-ability and low-ability classrooms for each grade? Does your school "ability group" within classes also? During the course of the school year, do students frequently move among these groupings or are they locked in once assigned?

2. Do the achievement scores of the students within the various groupings in your school grew closer or further apart during the course of the school year and from year to year? Do wide differences in achievement among students begin to appear with each passing school year? What's your principal's explanation for this?

3. Is classroom instruction at your school geared to small groups or is most of it individualized? Compare how lessons are taught to the "direct instruction" model of teaching: small, sequenced steps, a great amount of practice work mediated by the teacher or a workbook and many opportunities for students to venture answers and to find out if they're right or wrong. What happens to those who fail to master a lesson? Do they get another chance and more time to learn in a different way? Do they fall farther behind? How are tests used at your school—as diagnostic tools for the teacher or as obstacles that the children must get around?

4. How much do teachers at your school rely on standard series of reading books in teaching reading? How much focus is there on specific reading and thinking skills? What kinds of materials are used to teach these skills? How much practice in class do the children get in these skills? Are they tested on them regularly? Are their mistakes corrected and quickly addressed by their teachers?

—Robert Benjamin

Mr. WIDNER. I will simply use that as background and address myself to the three questions that were in your letter inviting me to testify.

The first is to provide some general assessment of the conditions in America's central cities and some reference to the District.

Second would be to look at some social trends today and their implications, and the third would be to focus on national urban policy in the role of Federal assistance.

I understand the Secretary may come this morning, and I will break off whenever you are ready, Mr. Chairman.

CONDITIONS IN AMERICA'S CITIES

Just to oversimplify, it seems to me there are some interesting differences in America's cities today compared to those in the early 1960's, or at least our perceptions of them, and we have to look at the large picture to understand what has been happening.

Back around the turn of this century we began to mechanize agriculture and to build a great many manufacturing cities. As a result, a large number of Americans were forced to move from rural areas and small communities into the large cities in search of the jobs.

That took place over about six to seven decades. As we all know, at least as the white population grew more affluent, there was a tendency for that population to seek improved housing, usually individual housing, family housing, in the suburbs.

Now, one of the interesting phenomena is that if we look around the world at the other advanced industrial countries, this same pattern has occurred, so it would be overly simplified for us to assume that the suburbanization of the American metropolis occurred purely for racial reasons.

The pull of the affluence, as the white population and a small segment of the minority population improved, and at the same time this influx into the central areas that were being left with people who were essentially coming out of the rural areas of the country as mining and agriculture mechanization made their impact.

As you know, in a very complicated society these movements just don't stop instantaneously. After World War II we still had the tail end of this rural influx occurring, even while there was this out-movement from the central cities into the suburbs of the more affluent levels of the population, and naturally those moving in picked up the housing that was being left because it was the cheaper housing and the more available housing.

We wound up with a problem that we frequently defined in the sixties as the minority core surrounded by a white more affluent noose of suburbs. The interesting question which this committee is now addressing is whether that is still an accurate description of what we face, and whether that is likely to change over the next decade.

You will get differences of views among those of us whose business it is to monitor those changes.

My own conviction is that the changes are the early stages of another tranformation in the American urban place. Some will disagree with me, but the tricky question, as you know, at the beginning of a trend, when the data are not overwhelmingly obvious in making themselves felt across the whole society, honorable persons can disagree over whether it is the beginning of a trend or whether it is just a fluke, and some are arguing it is a fluke and some are arguing that it is the beginning of a trend, and it is judgment that ultimately you have to depend upon.

What is different now from the early sixties and particularly our perception of the sixties is, first of all, of course, the dramatic drop in the natural increase of population in the United States, in effect turned down one source of population growth.

END OF RURAL INFLUX TO CITIES

The second was that the fact that the rural influx essentially came to an end in the early sixties. We still have some, but it is minor and not a major factor in the growth of urban population any longer, so that the agricultural transition of the country that occurred over about seven decades is essentially completed, and we are really into a new stage, a manufacturing transition, although it involves much more than manufacturing.

But, essentially, the whole country is now able to decentralize and disperse in the way it couldn't disperse in the early part of the century, because our communication systems and transportation systems made us much more mobile, and we don't have to be close together to do some things that we used to have to be close together to do.

As a result, we are seeing in all the advanced industrial countries a dispersal in the patterns of growth, rather interesting changes in the rate at which nonmetropolitan areas are growing in terms of population and in some cases employment. This isn't peculiar to the United States. We see it in Great Britain, Germany, France; it is really a function of changing technologies.

One of the frustrations in dealing with urban policy is the urban organism keeps changing right under our nose, and just about the time you get a set of approaches formulated to deal with the problems, they have changed.

One of our problems is to keep more up-to-date and closer to those changes so what we do attempt to do through Federal policy is relevant to the real issues.

What we have today—the District of Columbia, in my opinion, while unique because it is the Nation's Capital and because it is not primarily a manufacturing city—the manufacturing cities have felt this more heavily—it still reflects all the problems of these various stages in national development.

At the same time, it is on the cutting edge of what is happening to other American cities, so frequently what is happening in the District is the tip-off of what we are likely to see in other places 10 or 12 years out in time. We need to look at what is happening in the District with great interest.

RISE IN MINORITY INCOME

The first phenomenon that we have to be interested in is the fact that as the minority population of the District has been able—large segments of it have been able to move up in terms of income; there has been some replication of the pattern toward suburbanization that we have seen in other population groups in the past and that rate has picked up.

You will get an honest disagreement whether that is just the peculiarity of the economic structure of the District or whether that is a national trend. In about half the major metropolitan areas we do see some increase in the rate of black population, even though the other trend has made itself felt, and that is this tendency on the part of nonminority households, particularly younger households, to come into the urban neighborhoods and to settle close to the central business district.

The disagreement is whether that is a peculiarity in just certain kinds of neighborhoods in a relatively small number of cities, or whether that is an important new trend, so we have two currents working.

MINORITY SUBURBANIZATION

One is the tendency for some part of the minority population to suburbanization in the way other population groups did. You got this counter current of new households forming in close to the central district, and the question is whether over a 15- or 20-year period we might see some change in the old pattern of the last few decades, a black core with the white noose surrounded.

Instead you might find just the opposite. Some leading urban economists are speculating that by the end of the 1980s we might very well see the inner suburban housing we built in the 1950s, because of the new houses and the war babies, et cetera, and fewer young people coming along to form housing, there will be a glut of housing in these inner suburbs and the relative price of that housing compared to other housing will drop and it will become competitive for minority home ownership.

We might see those inner suburbs rapidly becoming very attractive to minority owners, even while there is this other current occurring of the white young households moving in.

AMERICAN HOUSEHOLD CHANGES

Now in looking at that problem, and I know the committee has already looked at this, the most extraordinary phenomenon that we have to watch is the very dramatic change from the structure of the American household.

I am an old fogy now. I came out of the Korean war generation, and we were very predictable. Everybody knew we were going to marry, settle down and have kids, probably live in Levittown, and it would be a one-breadwinner household.

Over half of our households now are only one- or two-person households and all sorts of permeations, and the one-breadwinner household with children is the slowest growing form of household we have.

The behavior of those households will be very different from the households we knew in the past, particularly for those that don't have young children.

They will opt—particularly as transportation costs go up—they will opt in many cases, but not all, for closer-in housing. They are more interested in the amenities that go with urban living.

They want yeasty evening entertainment, the cultural life. They want the excitement of living in a city as opposed to a suburb, which is really in many ways a sort of nursery, so we can expect a larger percentage of the new households now being formed to opt for that kind of housing compared to a generation or two ago.

There will be, however, another segment of that group that will want to go out into small communities and nonmetropolitan areas. That will not account for as large a percentage as in the 1960's, but it will be a segment and the suburbs are likely to grow much more slowly than they have in the past, but they will continue to be attractive to a certain group of households, so we have a kind of social cafeteria where there are many more choices and it makes it much harder to predict.

The analyst can always predict the mechanical trends; he can tell you once a group of babies has been born what the demands will be for schools and maternity wards or hospital services, et cetera, but what they can't predict is human behavior. We will change our minds as we respond to changing conditions and that is really not that predictable. We can speculate.

This then poses the major problem for urban policy in the eighties, and that is to try to determine what is happening to the urban place and what is happening to the people who are going to be living in that place, and we need to look at those two problems separately.

FEDERAL URBAN POLICY

In looking at where Federal urban policy needs to go, I must say from the outset I think this administration has begun to move us in the correct direction. Certainly in the 1980's we are not going to be able to afford to do everything.

There are just too many demands on the available capital, so we have to more carefully focus and target what we do in public policy than we have ever done in the past.

We had the luxury in the 1960's of designing our objectives very loosely and being very careless about what it was we were trying to accomplish. We would mollify an interest group by enacting a program without worrying if it was going to reach them. We can't do that in the 1980's.

If one looks at the fundamental issues that face us in urban policies in the 1980's, it's the same fundamental problem we had in the 1960's, and that is despite all these trends I have just described there is a large block of the American population that is bypassed by those transformations and in effect gets hurt by them when they occur.

CORE GROUP: MINORITY YOUTH AND YOUNG ADULTS

Essentially, it doesn't describe the whole group but the core of that group that concerns us all the most are the minority youth and young adults who have been isolated from the main labor market, from the opportunities that these social changes provide, alienated by the fact that society has passed them by and, therefore, are outside the society as a whole.

That sits like an incubus in the middle of most of our cities as a powder keg, as a profound fundamental concern that society should have, and it is at grave risk to the integrity of our society if we ignore that problem.

That has to be the No. 1 focus of any urban policy. In attempting to develop a framework for urban policy, this administration has justifiably talked about the need to target on such places, and that kind of view is not greeted enthusiastically by those who represent other kinds of constituencies.

It is a difficult thing to get preferential treatment, if you will, for a black population, particularly at a time when resources are tight.

OCCUPATIONAL EDUCATION PROGRAMS

Now I think we have got to agree on what the fundamental problems are we are trying to address and, in looking at that particular problem and the structure that urban policy should have in the 1980's, it seems to me that the first issue we need to insist upon is a much firmer link between our education and training and the labor market and jobs.

We can't afford to let the two systems operate totally independently, in effect having the education and training programs run by persons who are used to providing education and training in a certain way without regard to what happens to the student once it goes through that process, and we can't allow the labor market to continue to operate as if this other problem of these people who have been isolated by these changes let that just rest without any attention.

So that is priority No. 1, it would seem to me, in the next few years, and you have already here in the Congress begun that step and the administration has begun that step with a number of efforts to link directly all of our training, occupational educational programs directly to the labor market.

We have got to be able to say what it is the country is going to need in terms of skills and occupations and put every effort we can into the schools and into the training programs to link what they do to those needs.

It can be done, because some years ago—8 years now—I was the Director of the Appalachian program and we were governed by a Commission of 13 Governors and a representative of the President.

The first decision they made was not to disburse any Federal funds under that program for any vocational or technical education purposes unless the curriculum in those facilities was tailored to the job market needs that could be projected nationally and regionally, and the Commission developed those projections.

As a result, in 4 or 5 short years they turned around the quality of vocational and technical education in that region dramatically, so much so that in much of southern Appalachia that vocational system is now the most potent tool they have for economic development.

A firm can come in and say we need 1,800 employees with the following skill profiles; it will take us 24 months to build the plant; here are the kinds of training we need. Immediately they can start the training programs and have that labor force when the plant opens and there is a direct link between the training and the jobs, customized training. That is not the only kind of training we need to provide, but it is fundamental.

As we look about this, it is fair for many people, particularly in our education system, to say why is it every time we have a major social problem somebody lays it on the schools?

That is a fair question, because certainly the schools didn't create the whole problem and they can't deal with the whole problem, but I would like to submit for the record and have given a series of articles from the Cincinnati Post to staff which provides you with some picture of the really exciting innovations that have been occurring in cities across the country in urban education that prove that, regardless of family background, income group, regardless of the neighborhoods out of which kids come, if you teach them right and run the schools right, they get the skills and that translates itself fairly rapidly into jobs.

It seems to me that the major task for our new Department of Education is to assist the States and the local governments in focusing in on that kind of education and training.

If we can do that, we have begun the first bridge to bring that large block of young unemployed, predominantly minority adults into the labor force, particularly those that are moving into the labor force, so I would make that almost priority No. 1 in any urban policy.

There are other points that I would add, Mr. Chairman, but if the Secretary has arrived——

The CHAIRMAN. Mr. Widner, can you tell me about how long it would take? I am fascinated by your testimony, and if it is a matter of——

Mr. WIDNER. I will take 3 minutes and tick off the main points that I would have covered.

The CHAIRMAN. I would appreciate it, because I appreciate the trend that you have developed and I would not like to break the continuity.

URBAN ECONOMIC DEVELOPMENT

Mr. WIDNER. The second major issue that it would seem to me that should be in our urban policy and that the administration has already focused a good deal of attention on, is to change our approach to urban economic development and in fact economic development in general.

As you well know, Mr. Chairman, most of our State and local governments for the last four or five decades, when they are engaged in economic development, are essentially engaged in trying to attract a plant from some other place. That is the whole case of most of our programs. That has nothing to do anymore with the real national and economic problem nor, frankly, with the well spring of urban economic development.

Our cities have always been the incubators of new enterprise and when that develops into a certain scale it spins out and goes out to smaller communities in rural areas.

It is still happening and the problem economically for many of our cities today is when something is spun out there is nothing coming in to take its place. I am not talking about the central business district office function but more manufacturing and export service industries, and so on.

The real task is to try to rekindle the fires in this society for creating new enterprises and for facilitating the modernization of our existing economic base The emphasis at the State and local level should be more in encouraging the modernization of enterprise, the retention of enterprise and the formation of new enterprise and not on attracting something from some other place.

There are problems in the Tax Code that relate to that, depreciation schedules, a whole range of issues. And there are problems at the State and local level in that they put together incentives that are aimed at the wrong thing, and they have to be changed.

Some State and local governments are now working on this, but the Fortune 500 firms do not account for an appreciable amount of employment growth in this country anymore.

It's the new firms capitalizing on new products, new markets where we are getting most of our employment growth, and we have dampened the fires of that new firm formation for a lot of reasons.

The way we use capital today is much more cautious than it used to be. The point is we have taken the gambling money out of the economy and that is where the innovation, the birth of new firms will come from. Cities are the logical place for most of that to happen for the simple reason that if you have a branch plant of a large corporation, it buys its lawyers and accountants and everything else from the corporation, so we can locate in a nonmetropolitan area and buy these services from its parent.

If you are small you have to buy them from other little firms that purvey those services and that means urban places. The urban place has to be our incubator for new enterprises. We have dampened that fire, and we have got to rekindle it.

The administration is making a number of moves in that direction, and I think a number of the programs enacted in the last couple of years are pointed in the right direction, but there is another area where much of our attention needs to be focused.

NEED FOR LAND ASSEMBLY VICE URBAN RENEWAL

The third problem that has cropped up, Mr. Chairman, is a sensitive one because of the implications it has held historically in our minds because of urban renewal in the 1960's, but we have in many of the older industrial cities land that is drifting into public ownership through abandonment, tax delinquency, in scattered parcels and very often they have to make transformations into a bigger city if they are going to survive.

That means physical rearrangement in some cases, but we don't have at the Federal level anymore much assistance available for land assembly, primarily because we didn't like what we did with urban renewal at the State and local level, and we have some of those powers still but they are fairly limited.

If you talk with people who are concerned about readapting the physical structure, they will tell you we need some additional tools to facilitate the assembly of land for economic redevelopment, commercial redevelopment and housing redevelopment. There is an area that is open for reconsideration, despite the political problems that are involved.

NEED FOR RENOVATION MODERNIZATION VICE NEW FACILITIES

Finally, there is a body of concerns we have to have in the 1980's that the administration has already made an appreciable dent in, and that is, going into this administration, the body of Federal policy essentially emphasized the construction of new facilities, incentives for building new things in places that were newly developing, and we recognized at the beginning of the administration there was a need to change the direction, to emphasize the use of what we had, renovation, modernization, wherever possible.

That is not always the cheapest solution, but it is in many cases. We need to continue that thrust of putting what we already have built to better use before we go out and duplicate it in new construction and, again, this means a very thorough re-examination of our Tax Code, including depreciation schedules, the way depreciation is allowed. There is some discussion of the need for special incentives for rehabilitation, and so on.

That is probably the other area of emphasis.

RESTRUCTURING CITIES' FINANCIAL SUPPORT

There are two other areas that seem to fall on the State and local governments although the Federal Government plays a critical role, particularly in the short term. We have got to find a way to enable those cities to get through the financial transition that is involved in this metamorphosis, particularly those that are heavily oriented to their own economic base.

The Federal Government has come in and propped them up and helped them. We will not have the resources in the 1980's to do that on the same scale, so the State government will have to restructure the financial support systems of the cities and at the same time the responsiblities of the municipal governments themselves.

That in sum is where I would leave off, if you want to get to the Secretary.

The CHAIRMAN. Thank you very much.

I am fascinated by your testimony, and I look forward to the exchange.

Thank you very much.

Our second witness is Hon. Moon Landrieu, Secretary of the U.S. Department of Housing and Urban Development.

He has been a nationally recognized spokesman for the needs of the cities for many years while he was mayor of New Orleans.

He is now a member of the President's Cabinet, with major responsibility for national urban policy, and we are most anxious to have his testimony on the Federal role in the search for solutions to the problems of our Nation's urban centers.

I would like to thank you very much for appearing before the committee this morning.

We appreciate the advance copies of your testimony.

You may proceed in any fashion you choose. I note that you are accompanied by a colleague.

Would you please identify the gentleman for the record.

STATEMENT OF HON. MOON LANDRIEU, SECRETARY, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, ACCOMPANIED BY MARSHALL KAPLAN, DEPUTY ASSISTANT SECRETARY FOR COMMUNITY DEVELOPMENT

Secretary LANDRIEU. Thank you, Mr. Chairman.

I have, with the Chair's permission, taken the liberty to invite Marshall Kaplan. He is a Deputy Assistant Secretary for Community Development, and to him I am indebted for much of the testimony that we will give this morning.

He is a recognized national expert in the status and condition of urban America today and perhaps the committee would be enriched by his views of those matters as we proceed.

The CHAIRMAN. I would like to welcome you, Mr. Kaplan.

We go back a long way.

Secretary LANDRIEU. Chairman Dellums, I am pleased to be here today to discuss with you the health of our Nation's cities.

Your efforts to assist our Nation's troubled urban areas revitalize their economies and promote a decent place to live for their residents are well known. In a similar vein, this committee's willingness to address the problems faced by Washington, D.C., is appreciated by this administration and by most Americans who care about the health and vitality of our Nation's Capital.

It is our hope that we will continue to work together to boost the long-term vitality of our great cities. Like you and others on this committee, President Carter has refused to turn his back on our troubled cities and their needy residents. This administration is keenly aware that the welfare of all of us depends on the well-being of our cities.

PRESIDENT'S COMPREHENSIVE URBAN POLICY

It was this awareness that led to President Carter's announcement of the first comprehensive urban policy in 1978. This policy reflected three principles which must continue to guide our efforts to deal with the problems of cities and their residents.

First, limited Federal resources should be carefully targeted to benefit those people and places most in need.

Second, because Federal resources are not sufficient, working alone, to resolve the economic, social, and environmental problems of our cities, we must build creative partnerships among all levels of government, the private sector and community groups.

Third, the Federal Government must continue to take a leadership role in addressing the needs of our urban areas.

Today, I would like to discuss with you the health of our cities and the progress made by this administration in implementing the 1978 urban policy. To the extent possible, I will compare the problems faced by cities during the late 1960's and today. The data presented in my testimony were developed for the 1980 National Urban Policy Report. This report will soon be released to the Congress by President Carter.

STATUS OF OUR NATION'S CITIES

Much progress has been made under President Carter's stewardship in meeting the needs of our cities. As I will indicate momentarily, many Federal programs have been targeted to the poor and to distressed cities. Major progress has been made in improving housing conditions. Many central cities are experiencing commercial and neighborhood revitalization through new investments in construction or rehabilitation in older business centers and older residential areas.

Yet this progress should not mask serious problems faced by distressed cities and the poor people living in them. Many communities, particularly older, larger cities, continue to be burdened with relatively high rates of poverty and joblessness.

Further, while the number of minorities who are working has increased significantly and, while in contrast to the late sixties, minorities are now represented in all types of jobs, blacks in central cities remain unemployed at over twice the rate among whites. Similarly, black youth continue to suffer extraordinarily high rates of unemployment.

Tight budgets and other fiscal constraints, often related to declining or at best stable tax bases, place limits on the ability of many distressed cities to respond to increasing social burdens. Some cities have had to cut back on critically needed services and infrastructure maintenance at a time when rising expenditures for both would or should be the order of the day.

There is a table which may be helpful in analyzing those conditions.

SPREADING OUT POPULATION AND JOBS

Shifts of population and economic activity among and within regions, metropolitan areas and nonmetropolitan communities have created a serious mismatch between the economic needs of disadvantaged city residents and the economic opportunities available to them.

Most of our central cities face the continued loss of people to metropolitan fringe and nonmetropolitan areas. Between 1970 and 1978 net migration from the Nation's central cities to their suburbs amounted to 9.7 million persons.

This is illustrated in another chart. The population leaving cities tends to be the better educated and more affluent. Those remaining behind in cities are disproportionately the poor and minorities. Regrettably they are often those most in need of the services of their cities and least able to contribute to their cities' finances.

Jobs and employment opportunities have also shifted rapidly during the 1970's. Many more central cities lost jobs in the 1970's than in the decade earlier. While only 15 of the 57 largest central cities lost jobs in the 1960's, 23 lost jobs in the 1970's. Those cities which lost employment during both decades lost jobs at a double rate in the 1970's. Nine of the central cities which gained jobs during the 1960's became job losers in the following decade. Those cities which gained jobs during both decades gained them at an increasingly high rate.

Generally, our most troubled urban areas face increasing difficulty in meeting the job needs of the structurally unemployed. The types of blue collar jobs which have traditionally provided careers for persons with limited skills and education have declined in central cities.

Although central cities remain the headquarters of the Nation's businesses and governments, the office industry which supports these headquarters has not grown rapidly enough to replace the employment opportunities lost in cities with the decline of manufacturing.

Regrettably a growing mismatch exists between the skills required for service jobs which are growing in some distressed cities and the capacities of their low income residents.

POVERTY

The growth in income and noncash transfers since the turn of the decade has reduced the deprivation faced by many poor people. Increases in programs like food stamps, medicare, and medicaid have not taken people out of poverty but they have made life a bit easier for people in poverty. Clearly, unlike the sixties, low-income people now have improved access to food and health care.

Just as clearly, the administration's expansion of job training and economic development programs has increased the choices available to many poor individuals.

But central cities continue to face relatively high rates of poverty. This is especially true in the larger central cities of metropolitan areas with over 1 million in population. Many of these needy central cities have poverty rates which now exceed 20 percent, and there is another table which goes into that in greater detail.

While poverty rates have declined markedly in nonmetropolitan areas, from 19.3 percent in 1969 to 13.5 percent in 1977 and while poverty rates in suburbs were low in 1969, 8.1 percent, and have fallen since then, poverty rates in large central cities increased from 14.8 percent in 1969 to nearly 17 percent currently. Even if non-cash transfers were allocated to income, a difficult methodological task, poverty in larger central cities would still exceed 1969 levels.

The urban poor do not represent a cross-section of this country. Blacks comprise nearly 50 percent of the central city poor and that number is increasing. More so than in the sixties, the urban poor, both black and white, also tend to be members of female-headed households. This fact suggests a permanence to poverty which we cannot accept and must work together to change. The number of poor people in urban areas remains too high for a Nation which prides itself in providing equity and justice.

DISCRIMINATION

The concentration of minorities in segregated neighborhoods of needy central cities decreases the chances of minorities to take advantage of expanding job and housing markets in suburban areas. Although many minorities are leaving central cities, data measuring this trend must be interpreted with great caution.

There is little movement of minorities to affluent suburbs. Most urban minorities remain locked into central city ghettos. Most minority suburbanites appear to move into older, segregated communities.

This administration has done much to overcome housing and employment discrimination against minorities and women. Much more needs to be done to rid this Nation of discrimination. It is now important for the Congress to speedily enact the new fair housing legislation proposed by the President. It has just passed the House and is now before the Senate. It will give HUD better tools to expand housing opportunities for minorities.

HOUSING AND NEIGHBORHOODS

Many of the programs of this administration have improved the condition of housing and the quality of neighborhoods in urban communities. Every widely used indicator shows overall improvement in the physical condition of the housing of central city residents since the 1960's. The improvement has been so great that traditional measures of substandard housing are no longer meaningful.

Ninety-seven percent of the rental units in central cities have complete plumbing facilities and 98 percent have private kitchens. Only 7 percent of central city renters live in overcrowded conditions, that is with more than one person per room.

Nevertheless, we face serious challenges to future housing progress. Low and moderate income residents of central cities as well as suburbs are spending a larger and larger proportion of income on housing. Over 85 percent of central city renters with annual incomes less than $5,000 paid more than one-quarter of their incomes for rent in 1977. Another three-fourths of these households pay more than 35 percent of their incomes for rent.

Low incomes limit the ability of many city residents to pay for adequate maintenance of their housing. Low incomes also preclude the demand needed to sustain levels of housing production required to replace substandard housing. Rental housing shortages have appeared in many cities. These problems jeopardize the progress we have made in improving urban housing conditions. Housing abandonment is a serious problem of many neighborhoods in distressed cities.

FISCAL CONDITIONS IN CITIES

One of our continuing concerns has been to help the Nation's cities strengthen their fiscal position. Fiscal problems can arise in any municipality when the cost of providing needed public services rises more rapidly than revenues. Fiscal problems, of course, impact most heavily on those communities with troubled economies, significant losses of middle-income citizens and an increasing proportion of low-income residents who are heavily dependent on public services.

City fiscal strain clearly threatens the quality of services and the level of taxes in cities. Ninety percent of increases in municipal expenditures between 1972 and 1977 were consumed by inflation in costs rather than improvements in services. An increasing proportion of cities experienced operating deficits in 1978 and 1979.

Fiscally hard-pressed cities have often cut back on their reinvestment in their basic infrastructure of streets, highways, sewer and water systems. Large distressed cities cut deeply into their capital budgets between 1976 and 1977 as a reaction to the 1975 recession.

Normal maintenance of infrastructure was reduced as well as capital investment. For example, the city of Newark cut back its street maintenance work force by one-third between 1973 and 1978 despite the fact that over 80 percent of its street systems was in poor to fair condition. In the long run, deterioration in city infrastructure would damage the viability of cities.

City awareness of their infrastructure needs is growing. Many cities planned major increases in their capital spending for this year, to make up for past cutbacks. High interest rates and the current recession will forestall much of this needed investment.

FORCES AFFECTING CITIES IN THE 1980'S

Many of these trends I alluded to earlier will continue to affect cities in the 1980's. Unless the President's efforts to strengthen the economy are successful central cities and their residents will continue to be hardest hit by uneven national economic performance. We must rein in inflation, increase national productivity, and increase our national rate of economic growth.

Despite a number of hopeful signs for cities and their residents, the most likely prognosis is that the movement of jobs and people to the suburbs away from the problems of central cities will continue. Unless we are successful in breaking through this trend, minority groups and the poor will be increasingly concentrated in central cities and inner suburbs. Many cities will have inadequate financial resources to meet the needs of their populations.

Energy can be expected to continue to rise rapidly in cost, and international sources of supply will remain unstable and uncertain. Many distressed communities will not be assured reasonable supplies of energy unless the President's energy program is enacted. The evidence shows that higher energy costs bear most heavily on the poor. Disadvantaged city residents will thus bear disportionate burdens from international energy inflation.

Federal, State, and local action, supported by the private sector, is essential to meet the problems and the challenge of the coming decade.

CARTER ADMINISTRATION'S PROGRESS UNDER THE 1978 URBAN POLICY

Before outlining some of the directions for national urban policy in the 1980's, let me quickly describe some of the important accomplishments of the last 3 years.

Major urban legislative initiatives were proposed by the administration and enacted by Congress even before President Carter announced the first comprehensive urban policy. They included the urban development action grant program, which provides assistance for major community and economic development projects in distressed cities, and a $2.7 billion increase over a 3-year period in the community development block grant program.

A change in the CDBG allocation formula targets more assistance to older and declining cities. They also included enactment of an economic stimulus package, including Anti-Recession Fiscal Assistance, Local Public Works, and CETA, which provided almost $9 billion in additional aid to States and cities.

Nineteen legislative initiatives resulted from the 1978 urban policy. Fifteen have already been enacted into law. One of the most visible and significant initiatives is the reauthorization of CETA, including a new title creating the private sector initiatives program.

This program establishes a partnership among private industry and Federal, State, and local governments to expand job opportunities for the disadvantaged. Another initiative, the targeted employment tax credit, provides an incentive to employers to hire disadvantaged youth and other targeted groups.

Two other initiatives have been submitted in modified form and are nearing passage in Congress. One incorporates many of the economic development incentives of the proposed National Development Bank into EDA's reauthoriziation legislation, and the other proposes the creation of a targeted fiscal assistance program for local governments with local unemployment rates of 6.5 percent or more.

Exhibit 1 provides a status report on these legislative proposals. There is an exhibit which provides a status of that legislation.

In addition, President Carter has issued several Executive orders to improve the coordination of Federal actions and the targeting of Federal purchases and Federal facilities to distressed communities.

President Carter's Executive order requiring urban impact analyses of new budgetary, legislative, and regulatory initiatives has begun to work. New domestic policies and programs are subject to impact analyses before they are initiated in order to measure their effect on cities.

The community conservation guidelines reflect an extension of the impact analyses process. All Federal agencies have agreed to initiate community impact analyses, upon the request of local government, of pending Federal actions which local officials believe will lead to major new commercial developments which will hurt older downtowns and neighborhoods. Federal actions which would have these effects will be avoided when possible.

Administrative agencies, including our own agency, have taken assertive action in modifying programs and regulations to reflect the urban policy. Many of these actions and initiatives have targeted significant new assistance to cities. For example, new HUD regulations for the community development block grant program significantly improve the allocation of funds. As a result of HUD actions, a minimum of an additional $400 million is now focused on low and moderate income neighborhoods within existing appropriations.

For the first time, the Federal Government is making substantial investment in the long-run economic revitalization of distressed cities. EDA, once primarily a rural development agency, is now devoting nearly one-half of its resources to urban areas. As indicated earlier, the President has proposed a major expansion of the Economic Development Administration. It will provide new business loans and grants as well as interest subsidies for distressed areas. Both the House and the Senate have supported this initiative, though final action remains to be taken by the Congress. HUD's highly successful urban development action grant program has already generated over $6 billion in commitments from the private sector in distressed cities.

These investment commitments are projected to create 180,000 new permanent jobs in the cities and save another 87,000 existing jobs in our cities. Supporting these initiatives, President Carter's Executive order on targeted procurement has resulted in a major increase in the Federal purchase of goods and services from firms in labor surplus areas.

Successful implementation of the urban policy requires increased involvement of the private sector in central city development. Private sector jobs are one key to dealing with the unemployment and poverty problems besetting city residents. On the President's recommendation, nearly $2.5 billion of investment credits, grants, and loans are now in place to help distressed areas. Under the administration's employment initiatives, more of the private sector jobs created by federally-assisted economic development projects will go to CETA-eligible persons.

The President's concern for improved social services in our urban areas has been reflected in increased levels of funding for title XX and ESEA. It is also reflected in his proposals for national health care and welfare reform.

URBAN POLICY AGENDA FOR THE 1980'S

Clearly, in the 2 years since President Carter announced the urban policy, considerable progress has been made in addressing the Nation's most pressing urban problems. New partnerships have been formed. More public sector resources have been targeted to needy urban communities and disadvantaged people. More private sector resources have been leveraged to revitalize urban economies. Federal program coordination has been improved, and sensitivity to the urban impacts of Federal actions has grown.

We are pleased that signs of revitalization and hope have emerged in a growing number of urban areas. But more remains to be done. The Federal Government must continue to help distressed communities strengthen their economies. The Federal Government must continue to provide increased economic opportunities for the poor and minorities.

Tight budget constraints in the coming decade will make it essential to conserve our resources. More efficient and equitable use of tax moneys will require increased targeting of funds to distressed places and people. We must continue our commitment to eliminate discrimination. Finally, it is essential to conserve energy and preserve our environment so that cities will be attractive and healthy places to live.

Working in partnership with State and local governments, the private sector, and voluntary and neighborhood groups, this administration reaffirms its commitment to helping revitalize America's cities and to helping their needy residents secure better housing, jobs, education, and health services. Stating our goals as concisely as possible, the administration intends to work during the coming years to accomplish the following policy objectives.

CONTINUE TO FOSTER STRONG URBAN ECONOMIES

Current programs initiated by the administration, like UDAG and EDA's new reauthorization legislation, will provide distressed cities with numerous opportunities to strengthen their economies. Working with State and local government leaders, we will continue to consider ways to help cities rebuild outmoded infrastructure and secure a predictable supply of energy necessary for industrial growth.

Our policies will also consider ways to link what we do as a nation to help basic industries in trouble to the economic development need of communities in which their plants and workers are located. Finally, we will review continuously the tax code and other regulations so as to eliminate unnecessary biases or unfair tilts which hurt urban communities.

CONTINUE TO EXPAND JOB OPPORTUNITIES

Second, strong action will be needed during the early 1980's to assure expanded job opportunities for minorities and poor people, particularly among those who are structurally unemployed. I mentioned earlier the changes we have made in the CETA program directed at helping secure jobs for the long-term unemployed. I also alluded to the President's targeted job tax credit program and our increased efforts to focus job creating procurement on distressed areas.

We are now reviewing ways to further encourage job expansion and mobility among the poor. The administration's youth employment initiatives when enacted by Congress, will increase job opportunities for those particularly burdened by unemployment. We will also be reviewing current tax and welfare provisions inhibiting or limiting the choices of the poor in searching for jobs.

PROMOTE FISCAL STABILITY IN URBAN COMMUNITIES

Third, the administration's efforts to help revitalize the economies of troubled communities will ultimately help them surmount long-term fiscal problems. But for some communities other types of assistance may be necessary. We are looking at ways to further target existing aid to fiscally strained cities. The President's targeted fiscal assistance package is before the Congress, and, when enacted, will help distressed cities. The President has also reaffirmed his commitment to the general revenue sharing program and has suggested amendments to further target it to those local communities most in need.

EXPAND OPPORTUNITIES FOR THE DISADVANTAGED

Fourth, I am proud of this administration's efforts to combat discrimination against minorities, women, and the handicapped. Reorganization and strengthening of civil rights enforcement activities have led to significant improvements in implementing equal employment opportunity. Still more can be done to further the gains already made.

The promise of equal housing opportunity must become a reality. We will continue to press for congressional passage of amendments to the Civil Rights Act of 1968 that will strengthen HUD's ability to secure prompt and equitable compliance with the fair housing provisions of title VIII.

Despite rapid inflation in housing costs and rising interest rates, actions on the part of this administration have helped to maintain new housing investment, make mortgage credit available, and assist low-income households to secure affordable financing. However, persistence of rapid inflation and the need for tight monetary policy threaten the progress that has been made in expanding housing opportunities.

Improving the quality of social services has been and will continue to be a major urban policy commitment. Needy communities, in particular, require continued Federal, State, and county assistance to provide adequate community services.

Although budgetary limits place a cap on increases in key programs such as title XX and ESEA, they do not prevent the reform of existing programs or consideration of new partnerships among Federal, State, county, and local governments to secure better service delivery. I also urge the Congress to support the President's health care initiatives.

ENCOURAGE ENERGY EFFICIENT URBAN DEVELOPMENT PLANS

Fifth, Mr. Chairman, the growth and development of urban communities in the next decade will exert major influence on national policy objectives regarding energy conservation, environmental improvement and the preservation of farmland. Patterns of growth and change will also influence—and be affected by—infrastructure investments, neighborhood quality and the production of various types of housing.

While current growth patterns reflect the demands and needs of most Americans, they have resulted in urban sprawl and inefficient use of energy. Present patterns reflect a reliance on the private automobile; this has increased personal choice in the work-home relationship but limits the mobility of those without cars. It also has contributed to deterioration of environmental quality and to high levels of per capita energy use for transport and housing.

The administration reaffirms its 1978 urban policy commitment to work with State and local officials and the private sector to encourage urban development patterns which are both energy-efficient and environmentally sound and which will accommodate expanded economic growth, community development and household mobility needs. With HUD assistance, the Urban Land Institute has formed a Council on Development Choices for the Eighties composed of State and local elected officials and leaders of the development industry.

The Council is examining a series of measures designed in part to encourage energy-efficient communities in new growth areas and in revitalizing urban centers. Their recommendations this fall will be directed toward changes in Federal, State, and local policies as well as in private development practices.

RESPONSIBLE FEDERALISM

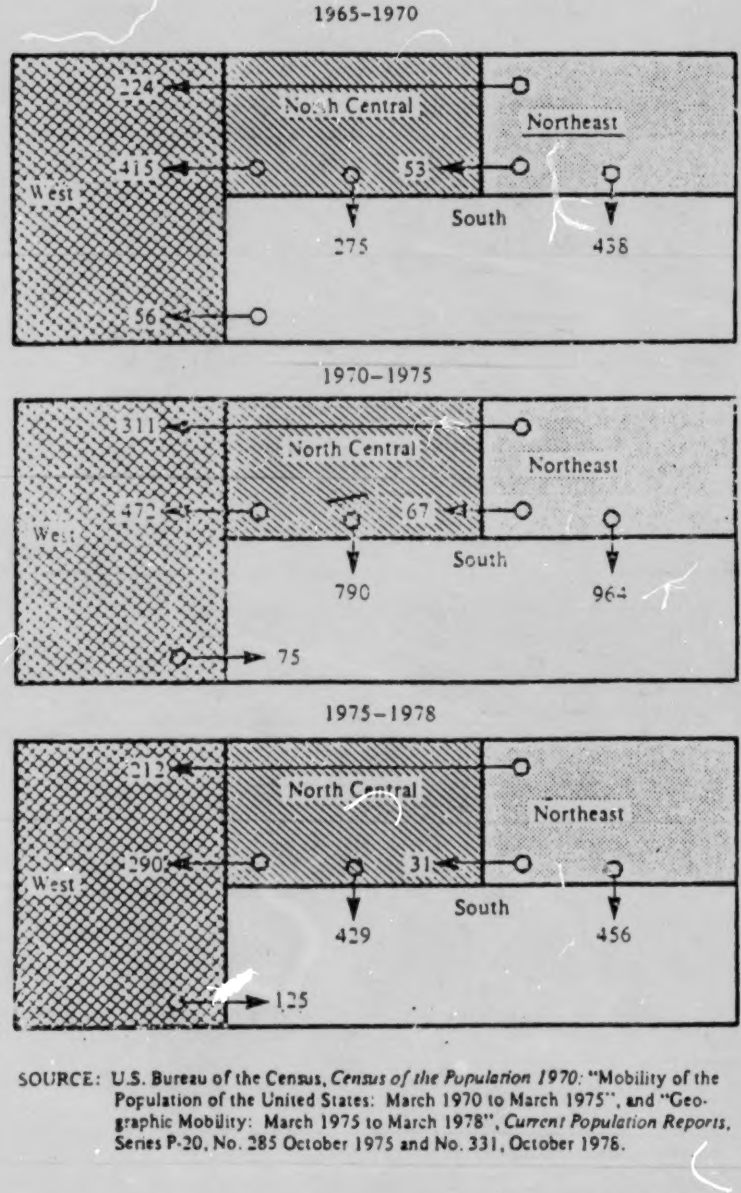
The decade of the 1980's will pose new and difficult challenges for the Federal system. Resource constraints will make it difficult for national, State, and local government to respond to the public services needs generated by an increasing population. In addition, the appropriate roles and responsibilities of each level of government must be reconsidered.

A sustained dialog is required among Federal, State, and local officials and public interest groups regarding an equitable and efficient assignment of functions and costs to each of the basic levels of government.

That concludes the statement, Mr. Chairman. Any questions we can answer for the committee's benefit, we will be more than happy to do so.

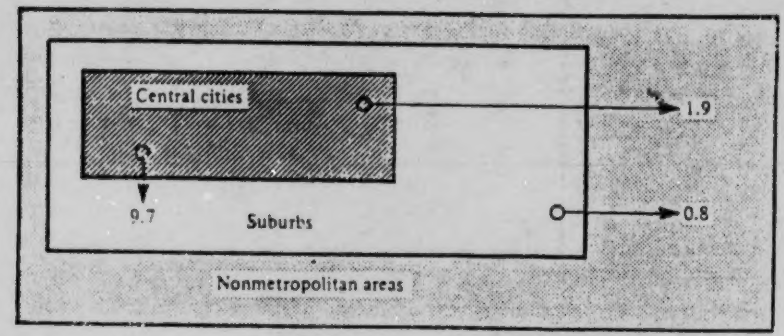
[The exhibits referred to in Secretary Landrieu's testimony follow:]

Figure 1
NET INTERREGIONAL MIGRATION: 1965–70, 1970–75, AND 1975–78
(Numbers in Thousands)



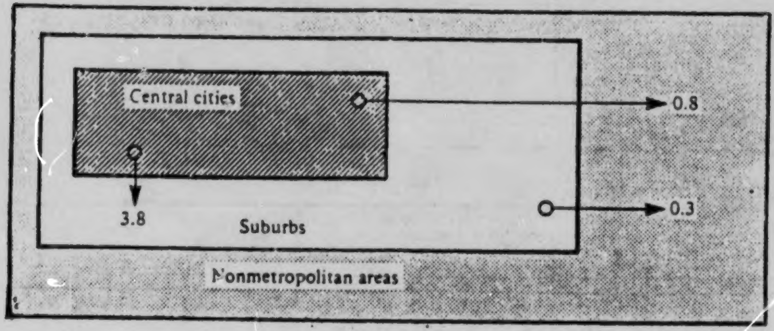
SOURCE: U.S. Bureau of the Census, *Census of the Population 1970:* "Mobility of the Population of the United States: March 1970 to March 1975", and "Geographic Mobility: March 1975 to March 1978", *Current Population Reports,* Series P-20, No. 285 October 1975 and No. 331, October 1978.

Figure 2
NET RESIDENTIAL FLOWS AMONG CENTRAL CITIES, SUBURBS AND NON-METROPOLITAN AREAS



1970-1978

Central cities
1.9
9.7
Suburbs
0.8
Nonmetropolitan areas



1975-1978

Central cities
0.8
3.8
Suburbs
0.3
Nonmetropolitan areas

SOURCE: U.S. Bureau of the Census, "Mobility of the Population of the United States: March 1970 to March 1975" and "Geographic Mobility: March 1975 to March 1978", Current Population Reports, Series P-20, Numbers 285 and 331, 1975 and 1978.

EXHIBIT I

LEGISLATIVE INITIATIVES DEVELOPED IN THE 1978 URBAN POLICY PROCESS

Legislation	Administering Agency
LEGISLATION APPROVED BY THE CONGRESS	
1. Neighborhood Self-Development Act	Housing and Urban Development
2. Livable Cities*	Housing and Urban Development and National Endowment for the Arts
3. Elementary and Secondary Education Act, Concentration Provision of Title I	Department of Education
4. Title XX Social Services (increased appropriation)	Health and Human Services
5. Inner City Health Initiative	Health and Human Services
6. Employment and Investment Tax Credits	Labor and Treasury
7. Section 312 Housing Rehabilitation (increased appropriation)	Housing and Urban Development
8. Private Sector Jobs Initiative in CETA	Labor
9. Community Anti-Crime Program	Justice (LEAA)
10. Urban Volunteer Corps	ACTION
11. New York City Guarantee Bill	Treasury
12. Urban Parks and Recreation Recovery Act	Interior
13. Consumer Cooperative Bank Act	Treasury
14. Urban Initiatives in Transportation	Transportation
15. Targeted Tax Credit (modified to apply only to rehabilitation of industrial structures)	Treasury
LEGISLATION PENDING IN CONGRESS	
16. National Public Works and Economic Development Act	Economic Development Administration (Commerce)
17. Targeted Fiscal Assistance Program	Treasury
INITIATIVES NOT APPROVED BY CONGRESS	
18. Labor Intensive Public Works	
19. State Incentives Grants	

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*Program authorized, but funds not yet appropriated.

SOURCE: Urban Action, A New Partnership to Conserve America's Communities, The President's Interagency Coordinating Council (Washington, D.C.: 1979).

EXHIBIT II

KEY ADMINISTRATIVE ACTIONS TAKEN IN SUPPORT OF THE URBAN POLICY

PROGRAM CHANGES

Economic Development Administration (Commerce)	**Minority Economic Development**: setting specific targets for aid to minority groups in each program area.
Economic Development Administration (Commerce)	**Revolving Loan Fund**: cutting red tape in providing business loans through local communities.
Health and Human Services	**National Health Service Corps**: assign additional personnel to areas having shortages of health personnel.
Housing and Urban Development	**CDBG Simplification**: requirement for annual plans was put on a three-year basis, cutting local paperwork, as well as other changes to coordinate HUD and EDA planning requirements.
Housing and Urban Development	**Expanded Local Involvement in Section 312 Loans**: localities were given greater control over processing of loans for neighborhood housing rehabilitation.
Housing and Urban Development	**Neighborhood Strategy Areas**: localities were given discretion to target funds in needy neighborhoods and to use them for a broader range of revitalization activity in these areas.
Housing and Urban Development	**Targeted Tandem**: provision of $1 billion in 1978 and 1979 for below-market rate mortgates for middle income housing in UDAG-eligible cities.
Environmental Protection Agency	**Waste Treatment Facility Planning**: reduced the time horizons for planning requirements, thus lowering the pressure to induce unplanned urban sprawl.
Transportation	**Urban Policy Guidance**: guidelines to ensure that transportation investments enhance urban centers or that negative impacts are addressed, take energy impact into account and focus attention on repair and rehabilitation of highway facilities.
Environmental Protection Agency	**Emission "Banking"**: allow cities more discretion in applying air quality regulations to expanding or new firms.

DEMONSTRATION OR PILOT PROGRAMS

Environmental Protection Agency	**Resource Recovery**: pilot grants to states and localities.
Housing and Urban Development	**Moderate Rehabilitation**: set-aside for rehabilitation of housing involving job creation.
Housing and Urban Development	**De-institutionalization**: funding for 59 special small group homes for the mentally ill.
Small Business Administration	**Bank Certification**: aid for 29 banks helping small businesses obtain guaranteed loans.
Economic Development Administration (Commerce)	**Comprehensive Economic Development Strategies**: assistance to cities developing long term strategies for economic development.
Federal National Mortgage Association	**Urban Land Participation**: expanded residential and mortgage loan capacity in central cities.

EXHIBIT II (continued)

Federal Home Loan Bank Board	**Community Investment Fund**: provide incentives to local savings and loan institutions to expand investment in central cities.
Housing and Urban Development	**Urban University Partnership**: involves seven national higher education associations in urban revitalization strategies.
General Services Administration	**Technical Assistance in Procurement**: pilot project focused on four cities and local businesses in these cities.
Department of Labor, Housing and Urban Development, Economic Development Administration, Transportation, and Small Business Administration	**Targeted Jobs Demonstration Program**: grants to 14 localities to tie together CETA training and jobs with community and economic development programs.
Environmental Protection Agency, Housing and Urban Development, Economic Development Administration, and Transportation	**Air Quality Technical Assistance Demonstration**: provides technical assistance to urban communities to help reconcile potential conflicts between air pollution and economic development goals.
Economic Development Administration	**Metropolitan Demonstration Program**: planning assistance for regional planning organizations addressing urban economic distress.
Interior	**Land and Water Conservation Fund Urban Contingency Projects**: contingency fund earmarked to urban projects.
Interior	**Rails to Trails Railroad Revitalization**: $5 million for conversion of abandoned railroad right of way for recreation use. All 10 projects in urban areas.
Interior	**National Park Service**: Gateway parks in New York, San Francisco, and the Cuyahoga Valley (near Cleveland) serve urban populations.

INTERAGENCY AGREEMENTS

EPA, DOT	**Federal Urban Noise Initiative**
DOL, DOE, CSA	**Solar Utilization, Economic Development, and Employment**
HUD, CSA	**Community Housing Partnership**
HUD, EDA	**Cooperation in Economic Development**
OMB, DOC, EPA	**Coordination of Population Projections**
Controller of the Currency, HUD, SBA, EDA, and others	**Task Force on Commercial Reinvestment**
DOL, HUD, DOT, EDA, SBA, CSA, FmHA	**Employment Initiatives**
SBA, HUD, EDA	**Neighborhood Business Revitalization**
HUD, HHS, DOL, and LEAA	**Assistance to Low Rent Public Housing**
LEAA, ACTION	**Urban Crime Prevention Program**

EXHIBIT II (continued)

CSA and National Credit Union Administration	Credit Union Development in Low Income Communities
HUD and Corps of Engineers	Urban Impact Analysis of Significant Actions
All Federal Agencies	Community Conservation Guidelines
HCRS, Interior, and ACTION	Youth Employment Opportunities in Recreation
HCRS, Interior, and HUD	Neighborhood Revitalization/Recreation
EPA, DOT	Urban Air Quality Planning Grants
DOT, EDA	Urban Rail Improvements and Development
DOT, HUD	Cooperation on Facility Investment
LEAA, National Fire Association	Arson Control Assistance Program

TABLE I

APPENDIX A

A CITY REPORT CARD OF THE 1970's POVERTY, INCOME, AND RACE

Cities With Severe Problems	% Poor 1969	% Poor 1977-78 (Est.)	% Growth, Real Per Capita Income 1974-77	% Total Population, Black 1970	% of School District Enrollment Black 1970	1977
NEW ORLEANS	26%	-	4.3%	45%	69%	80%
NEWARK	22	33%	-1.9	54	73	72
ATLANTA	20	23	0.6	51	69	89
ST. LOUIS	20	26	2.5	41	66	72
BALTIMORE	18	22	-1.6	46	67	75
OAKLAND	16	-	3.3	35	57	68
BOSTON	15	21	-0.4	16	30	42
PHILADELPHIA	15	20	0.2	33	60	63
NEW YORK	15	19	-4.4	21	34	38
CHICAGO	14	20	0.6	33	55	60
MEDIAN	17	22	0.4	38	63	70

TABLE II APPENDIX A

A CITY REPORT CARD OF THE 1970's POVERTY, INCOME, AND RACE

Cities In Better Shape	% Poor 1969	% Poor 1977-78 (Est.)	% Growth, Real Per Capita Income 1974-77	% Total Population, Black 1970	% of School District Enrollment Black	
					1970	1977
HOUSTON	14%	12%	9.0%	25%	36%	44%
DENVER	13	7	3.3	9	14	21
DALLAS	13	11	5.7	25	34	47
NASHVILLE-D.	13	-	3.0	20	25	31
PORTLAND	13	-	4.6	6	10	14
MINNEAPOLIS	12	11	3.5	4	9	15
PHOENIX	11	-	0.4	5	7	11
SEATTLE	10	-	7.4	7	13	18
OMAHA	10	-	4.1	10	19	23
SAN JOSE	8	6	5.8	2	3	3
MEDIAN	12	11	4.4	8	14	19

APPENDIX A

TABLE III

A CITY REPORT CARD OF THE 1970's ECONOMIC AND FISCAL BASES

Cities With a Severe Problem	Annual Average Population Change 1970-78	Est. Annual Average Job Change, 1970-77	Difference Between Job and Population Change	BLS Unemployment Rate, 1979	Annual Average Change In Retail Sales 1972-77 (Constant $)	Tax Effort ($ Per $1000 Income) 1976
NEW ORLEANS	-0.8%	0.7%	1.5%	6.5%	-	$ 37
NEWARK	-2.2	-3.0	-0.8	11.7	-5.6%	77
ATLANTA	-2.3	-0.3	2.0	6.6	-	35
ST. LOUIS	-2.4	-3.6	-1.2	5.9	-3.2	66
BALTIMORE	-1.6	-1.7	-0.1	8.3	-	50
OAKLAND	-1.0	-0.8	0.2	7.0	-0.6	33
BOSTON	-0.9	-1.9	-1.0	6.5	-4.0	89
PHILADELPHIA	-1.3	-1.7	-0.4	8.3	-2.4	55
NEW YORK	-1.2	-2.4	-1.2	8.7	-3.8	113
CHICAGO	-2.3	-2.8	-0.5	6.4	-1.4	40
MEDIAN	-1.4	-1.7	-0.4	6.8	-3.2	52

APPENDIX A

TABLE IV

A CITY REPORT CARD OF THE 1970's ECONOMIC AND FISCAL BASES

Cities In Better Shape	Annual Average Population Change 1970-78	Est. Annual Job Change 1970-77	Difference Between Job and Population Change	BLS Unemployment Rate, 1979	Annual Average Change In Retail Sales 1972-77 (Constant $)	Tax Effort ($ Per $ 1000 Income) 1976
HOUSTON	2.5%	6.1%	3.6%	3.5%	6.8%	$ 26
DENVER	-1.0	2.7	3.7	5.3	-	43
DALLAS	-0.1	2.5	2.6	3.6	2.4	33
NASHVILLE	0.0	-	-	3.9	1.4	31
PORTLAND	-0.6	1.4	2.0	5.7	-0.2	27
Minneapolis	-2.3	-1.5	0.8	3.9	-1.8	31
PHOENIX	2.0	5.3	3.3	4.3	2.0	22
SEATTLE	-1.1	0.6	1.7	5.3	2.4	26
OMAHA	0.3	2.3	2.0	4.4	-	24
SAN JOSE	3.6	2.7	-0.9	5.7	5.0	22
MEDIAN	0.0	2.5	2.0	4.3	2.2	26

The **CHAIRMAN**. Mr. Secretary, I would like to thank you for your opening statement.

There are a number of questions I would like to raise with you, and first in a rather broad way without going to the merits of the rationale for the establishment of the budgetary priorities by the administration, the question I would like to raise is, given the reality of the devastation of the cities, do you think that we can do the job that is necessary in meeting the needs of the people in the cities in the 1980's, given the priorities as they are presently expressed in this budget and projected budget of the administration over the next several years?

NEED FOR REINVESTMENT IN OUR CITIES

Secretary **LANDRIEU**. Mr. Congressman, I think one has to look at the conditions that existed in this country since its founding. I believe that I have spoken as often and as loud, if not as eloquently and as persuasively, as anyone else, for the need for reinvestment in our cities, and I have not altered that view.

I believe cities are of the utmost importance to this Nation and to the world. I believe that it would be an entirely different world, and, in fact, a very sad world, without the kind of interchange synergism one can get only in an urban environment.

But I also believe we have made great progress, and it has been an ongoing process. If we view cities in a very narrow sense, and that is either in terms of a neighborhood, within the political boundaries of the cities or of the center city defined by its political boundaries, then we can say that many cities are, in fact, worse off than they have been.

If, on the other hand, we view cities in the economic sense, and that is as an area which is economically tied together, one which is tied together by transportation network of streets and bridges and roads and mass transit, one in which there is an interchange of recreation facilities and interchange of jobs between those living within the political boundaries of the innercities and those living within the political boundaries of the suburban areas, if we view the cities in that context, I think things have improved very substantially.

The problem basically is one of political structure. While there are some regional deficiencies and some regions of the country are suffering, the fact of the matter is when looked at as a whole, but for the fact that there are some 38,000 jurisdictions out there, legal jurisdictions, cities when taken in their broad context, frankly have made great improvements.

I think this country has to ask itself what its priorities are. I don't believe that any amount of money from the public sector, will remake many of the central cities overnight. I think that requires not only a capital investment from the public sector, but also a strong economy within the city, itself, in the private side, and it also requires even after that great expenditure is made, a long-term process of upgrading education, and that can't be done overnight.

I do think that this administration has made a very significant commitment to the rebuilding of America's cities, and, frankly, that is evident in many, many cities today which we thought at one time were virtually lost to us. I think as one went through cities like New Orleans, Kansas City, Detroit, Cleveland, Baltimore. Boston, back in the 1960's, mid-1960's, and in some instances the early 1970's, one would have thought they were not going to survive. When you go back today, and look at the growth that has taken place, that growth principally is downtown growth, revitalization and in some instances housing rehabilitation in certain neighborhoods, one can't help but be a little more optimistic than we were in the early part.

Those statistics which I cite are valid, and that is that the center cities, themselves, in the political boundaries, are, in fact, becoming poorer and essentially with greater crowding of minorities. But, as I pointed out, that is a political problem as much as it is an economic one.

CONTROL INFLATION

I believe nations, Mr. Chairman, have to do what is necessary at any particular given time and as of this moment, the principal threat facing this Nation is inflation, and I think it is absolutely essential to the survival of our economic system and in the long run the survival of those living in the central cities that inflation be brought under control. Once that is done and the economy is stimulated, and we improve our productivity and find alternative fuel sources and conserve energy resources, I believe we can then build a bigger and better pot from which we can draw more money in order to make greater investment within the center cities.

I hope I have answered, to some extent, your question, Mr. Chairman. Yes, I am quite optimistic about what is going to happen in the cities in the 1980's. I do think that we have to limit, to an extent, our expectations. I don't think we can establish unrealistic goals. I think we can have hopes that may not be fulfilled, and it may take longer to fulfill those than the next 10 years, but I think we can reach realistic goals that are substantial improvement over where we are today, with our present funding.

The **CHAIRMAN**. Mr. Secretary, let me ask the obvious question that concerns a number of people, and that is, perhaps one of the most significant urban problems that we face at this moment is the social dynamite of literally tens of thousands of young people, particularly minorities, unemployed in the center cities.

Now, isn't there a conflict in policy when, on the one hand, we are pursuing an effort to fight inflation, and the short-term realities of that is skyrocketing unemployment? Does that not contribute to the potential explosion in the center cities by enhancing the unemployment rate, particularly among young minority people in the inner cities of the country?

BETTER EDUCATION AND JOBS

Secretary **LANDRIEU**. No, I don't necessarily see it that way, Mr. Chairman. I am as concerned as you are about those unemployment rates. And we have several initiatives to assist, but that problem of youth unemployment is not directly attributable to the current policies in terms of controlling inflation. That is almost a constant in our society. It grows worse in periods of recession, which we are now in, but it is a constant factor, and the expenditure of Government dollars alone is not going to cure that.

What will cure that, Mr. Chairman, is a better educational system, and more job opportunities in the private sector, and it seems to me that the latter is not going to be available as long as we have inflation running at rampant rates, which makes it impossible for people to venture capital and to expand their businesses.

So while I am concerned about it, I think that even a greater threat, in all fairness, would be for this country to try to function on an inflation rate of 15, or 20, or 25 percent. I don't believe the economic system could stand that stress and would ultimately collapse.

TRANSITION OF YOUTH FROM SCHOOLS TO JOBS

The CHAIRMAN. Let me ask this question. If for the sake of this discussion there is agreement that simply the expenditure of Federal funds will not solve the problem of youth unemployment, does that preclude the Federal Government from establishing appropriate policy?

Let me suggest this: To my knowledge, we are the only industrialized nation in the world that does not have a national policy on transition of young people from school to the world of employment. Canada, many other nations in the world, have developed a national policy that provides a mechanism for young people to make that transition from school to employment.

This Nation is the only nation in the world that has not done that. So even if, on the one hand, we are prepared to agree that it is not simply the expenditure of Federal funds, does that not require, then, the establishment of Federal policy to enhance the role?

We have not even done anything to encourage private industry to get involved, with the exception of a few of our Federal programs that I think we can criticize significantly in terms of their ineptness in doing it, but we have not established policy. Does that preclude us from doing it, and if it doesn't, what should be a policy approach in this area?

Secretary LANDRIEU. Mr. Chairman, first of all, let me quickly say I am not an expert in anything, least of all in employment and education. If I know anything, I think I know something about cities and very little about that, and I think many of us would have to acknowledge it is a very complex subject.

I am not sure I accept, Mr. Chairman, the categorical criticism of this country's system.

SOCIAL, POLITICAL, AND ECONOMIC FACTORS

The CHAIRMAN. Let me give you a specific example. I am not critical just to be criticial. I am trying to state facts. For example, in Canada, in Sweden—let me take Sweden, for example. In Sweden, there is a national policy that provides for every major business to set aside one entry level position that trains young people for a particular number of full-time jobs. That creates in the private sector as a result of national policy a continuing number of entry-level opportunities for young people.

In Canada, for example, there is a national policy dealing with the issue of trade unions and trade unions' relationship to young people, which opens the opportunities for employment.

What I am suggesting here is not simply criticism, but the statement of fact that we have not put in place policy either affecting the public sector or the private sector that deals with the question of the transition of young people from the world of school to the world of work.

Secretary **Landrieu**. I am not so familiar with the economic systems, Mr. Chairman; perhaps Mr. Kaplan could make a comparison between their systems and ours.

I will tell you this, that I am more pleased with our economic system than I am with theirs, and I am more pleased with the progress this country has made than I am with theirs, and I believe of all the nations in the world, despite the deficiencies in this Nation, that at least the people have provided for themselves the greatest lifestyle of any people in the history of the Earth and with the greatest amount of individual freedom, and with the greatest opportunity, and at the same time, Mr. Chairman, it has served also as a protector, if you will, or a leading force in the preservation of peace throughout the world, and has helped virtually every other nation in the world to achieve a little better way of life.

I am not so sure Sweden has done that, or that Canada, although they are a great neighbor and a marvelous nation, has done that, either. Everybody can't do everything.

The **Chairman**. I am not sure I am communicating successfully. I am not discussing or comparing our economic systems. I am raising a question of specific policy as it relates to young people, and it has nothing to do with comparing economic systems.

I am simply suggesting that given this great economic system, we still have not addressed the issue of policy as it regards young people in employment, and I think we all agree that the social dynamite in this country in every major city in the country is the tens of thousands of unemployed young people, particularly black and Third World young people. That is the only question.

I am not discussing capitalism versus socialism. I am simply raising the question of policy.

Secretary **Landrieu**. I don't see how you can discuss that without discussing the economic systems. I would take it that in socialistic countries that there is very little unemployment in socialist countries. Some do recommend that system. I happen to disagree with it.

When you are dealing in the private economy, there obviously is going to be some unemployment. I think that goes with the system.

Now, I quickly say to you that the unemployment levels are unacceptable to me, and I know they are unacceptable to the President. But it isn't this administration and other administrations which have not addressed the issues. It becomes a far more difficult thing to create in the private sector those job opportunities. So I think it is tied in with the economic system of countries.

It also is tied in with your immigration policies. It is also tied in with your political system, because if industry is, in fact, free to move, and we cherish that right, and industry does, in fact, relocate when a plant wears out, or moves closer to new marketplaces, then it obviously creates a certain disinvestment in the place which it is leaving and creates a vacuum. That vacuum can be filled by finding new jobs in the private sector or expanding Government.

There are obviously limits on what the Government can do since the Government only gets its money out of the pockets of citizens and business, and it seems to me we have to make those pockets a litle bigger rather than just keep printing money in the belief somehow or the other there is never a day which we have to pay the bill.

I would be happy to discuss anything you want to discuss. You know 10 times more than I do about the job business, so I doubt I can add anything to what you know already; maybe Mr. Kaplan can.

LINK BETWEEN EDUCATION AND JOBS

Mr. KAPLAN. I think what I would like to do, Mr. Congressman, is view with you the initiatives the administration has taken, and, just as you suggest, this administration indeed has been the first that has recognized the link between education and the job system, and that link really hasn't existed in the past, but the administration's new youth employment initiatives directly and specifically link in the high school and vocational education system to the private sector and the job market.

I think that is an important new administration initiative. It is the first time that has occurred. It is a recognition we can and should do better in trying to link our job placement and training system into our educational programs.

TAX CREDIT PROGRAM

The administration's targeted job tax credit program specifically encourages vocational education to the job market. It is just 1 year old and is up for reauthorization shortly, and I hope the Congress will reauthorize it as suggested by the President, but that is a breakthrough in trying to tie our tax code in terms of linking kids in vocational education to the job market.

CETA

The third change in reform that we have made is in the CETA program, where, through the private initiatives program, we are trying our best to link CETA placements and training from the time a kid leaves school to the job market.

I might also call attention to the fact that in the foreign countries that you do quote, you are correct in saying that they have added the slot in the private sector for kids in school, but the statistics indicate in those countries that the level of underemployment, or employment below the level of the employee, is higher than it is in this country, and the real problem in this country and all European countries is that our technology is changing and our educational system hasn't caught up, but the initiatives that the President has begun for the first time take recognition of that.

The CHAIRMAN. I appreciate your response. May I add, Mr. Kaplan, you would agree, then, with our previous witness, Mr. Widner, who suggested that a major priority is to link all of our various manpower efforts and our educational system closely together, so that it reflects the needs of the labor market?

Mr. **Kaplan**. I think that is an essential, but I think the Congress should recognize the changing nature of our real poverty in this country, because some of that cannot be cured by the educational system.

The **Chairman**. Since I have alluded to our previous witness, in his testimony he indicated, for example, Washington, D.C., can be seen as on the cutting edge of the problems of the cities.

FAMILY HOUSEHOLDS

Now, some of the preliminary data that we have been looking at indicates very interestingly that a rather small percent—and I think the gentleman's statement was that what is happening to Washington, D.C., will be happening to other cities within a 10-year timeframe—a rather small percent of household units in Washington, D.C., are actually households with families.

When you look into that figure, it indicates that the people in Washington, D.C. who have families are people who earn $10,000 a year and less, or $35,000 a year and up.

This group that earns between $10,000 and $35,000 a year with families tends not to exist in Washington, D.C., black or white, and when people do come into Washington, D.C., for the opportunities to work, when they get married and have families, the data indicates they tend to move out—this is middle-class, middle-income families—into the Washington-Maryland suburbs never to return, and are replaced by new young people moving into the center city for the job opportunities.

So Washington, D.C., on the one hand, is a city of one- and two-person units; it is a city of fewer and fewer families; it is a city where the families tend to be perhaps families of poor people or, before inflation, $35,000 a year was considered affluent, at this point I am not sure as to whether they are just on the upper end of the poverty scale—victims of debt poverty; we will put it that way.

I would appreciate it if you would comment to that in terms of what you perceive the role of HUD, or the role of the Federal Government, in addressing itself to the myriad of problems that result from this.

For example, in the educational system, you have in Washington families of poor people who have to work desperately to try to deal with the ravages of the economic system, less able politically to challenge the system to get it to respond to them. The affluent families have their children in the private schools, so you leave the school system where it is unsupported by a number of people in inner cities where a majority of household units don't have children, so they are not concerned about the schools.

We are in a situation, for example, in Washington, where the schools may close in June and not open until late November, because they don't have the financial resources available. I see this trend not only existing in Washington, D.C., but I see this trend beginning to take place in every major city in the United States.

The question is, is it appropriate policy to try to attract these families back into the central cities, or should it be policy to move a number of lower-income people out into the suburbs?

Secretary **Landrieu**. First of all, Mr. Chairman, I go back to what I said before, and I think all of us ignore the problem because it is such a difficult one to solve, and that is the problem of regionalization.

WASHINGTON, D.C.

Would your feeling be any different if Washington, D.C., instead of being 10 miles square, was, in fact, a city that encompassed northern Virginia and Maryland, so that all of the suburbs were in what would then be the expanded District of Columbia? Would your feelings be any different, and what would Washington, D.C., then look like?

Washington, D.C., would then be what you would have to say, I think, a balanced community. It would have families; it would have a number of smaller units for young professionals; it would have a balance of poor as well as middle- and upper-income people; it would be a relatively well-balanced city.

That does not mean that it wouldn't have its problems and that certain neighborhoods within that broad city wouldn't have problems, but the fact of the matter is the city would be changed dramatically. Your statistics would all be changed.

So what we are dealing with basically is a political problem. We could solve a great many of the structural problems of cities if, in fact, we could find an acceptable political solution to the 38,000 jurisdictions we have out there. Now, not finding that, which in my judgment is one of the gut solutions, then you are going to deal with secondary solutions, and if we are going to take the political jurisdictions as givens, then we have to ask ourselves what functions can the central city perform and what functions should the suburban areas perform.

I don't necessarily think they both should be required or expected to perform the same functions. Among some there is a feeling that each unit of government or political jurisdiction ought to perform identical functions. Each one of them should have some manufacturing. Each of them should have hotels. Each should have commercial, and each should have residential. I don't necessarily think that is realistic.

I believe some cities will become commercial centers, hotels, office buildings, not too many single-family homes, whereas suburban areas will become places, for the most part, where the manufacturing and warehousing functions are located.

And there is reason for that. It can be done more economically there, and in many instances I think it is a great mistake for people to opt for things the way they used to be, because the illusion is there, and things never were as good, Mr. Chairman, as we thought they were. We have just forgotten some of what was there.

Certain communities, in my judgment, are better equipped than others to do certain things. The city of New Orleans, for instance, because it was a port town, a great deal of manufacturing was right there on the riverfront. It was small manufacturing. The railroad lines were located there, and all the warehousing was located there. The streets are narrower now, and much too narrow for the kind of trucks built today, the new technology, the new equipment. The railroads are having a difficult time moving their cars in and out of the traffic, and great new beautiful suburban warehouse districts have developed.

Well, why wouldn't the private sector essentially move an inefficient operation scattered over four or five buildings into one building with adequate parking and access to an interstate system? And frankly, when it doesn't, the country as a whole loses, because if we assume our resources are limited, then we ought to expect the private sector to function in the most economical way; otherwise, it functions in an uneconomical way, and then with government subsidy.

Now, what has happened is that warehousing has left the city, and if you can draw any parallels to Washington, D.C., perhaps some of these can be drawn—that property has been put to higher and better usage. What was a railroad yard and an old warehouse district is now converted to hotels, convention centers, to retailing, to recreation facilities for the community. The jobs, while they may have left that particular warehousing job or that particular manufacturing job, may have left the downtown section of the city, it doesn't mean that it left the city entirely; it may be in another section of the city or a suburban area, but the jobs are still available to the people living in the center city. So it is performing different functions.

I believe Washington, D.C., with its huge Federal investment, is unlike any other city in America. I don't think we can compare this city with any other city in America. I believe there are certain parallels, certain lessons we can learn from one another, but I think it is a very unique city. I also happen to believe that Washington, D.C. is a far more beautiful city today than it has been at any time in its past history, at least within my lifetime.

I live right by HUD, Mr. Chairman, which is an old urban renewal area. I have looked at pictures of that section just 15 years ago; outdoor plumbing, wood shanties, a horrible section of the city in terms of the conditions of the housing. Obviously there has been an enormous physical improvement, and I think the same can be said of areas right around Capitol Hill that have come back strongly.

That doesn't mean to say there has not been a painful displacement of those in those areas. Hopefully they are in better housing than they were before, but some may not be, and whether they are or not, many people are uprooted from their neighborhood, and that is certainly not to be treated lightly.

In terms of all cities, Mr. Chairman, Washington, D.C. is included, because of the political jurisdictions and because cities do not have control of their own destiny, so to speak, either in terms of what they tax or how they tax, and because we are performing a function which can't be performed—that is the center city—by anybody else, then it seems to me it requires a State and Federal contribution.

Now, we do that through the Federal system in the way of revenue sharing, community development block grants, UDAG, and many States do it also through State support of those local governments.

Unfortunately, not enough States do it, and those that do it do not do it sufficiently enough, and, in most instances, the money is not targeted to the greatest of need.

But, by and large, I think the programs that have been put in place since the mid-1960's have been very effective. We are disappointed when we look at the statistics because we thought that we could do the job, frankly, inside of 10 years, and I think most of us now looking back realize that was far too optimistic. I am not so sure that the job will ever be completed, but I do know our expectations were too high.

I often say, Mr. Chairman, in speaking to groups, that we fail to understand, and I am as guilty as any, how long it takes to do a real estate development, and basically when you think of cities, you have the people and the real estate, and while it is the people who are the most important elements, obviously the real estate is a very important aspect of it.

When we began to do the Dome Stadium in New Orleans, a State project, it was 1966. Pan Am Life Insurance Co. was looking for a new home office site. It is national in scope, but a locally domiciled corporation. They are just now topping out their building. Fourteen years it took them to decide, No. 1, that they wanted to build a new home office, and then to decide where they were going to put it, and then on what piece of ground, and how to design it, and then to build it—14 years.

The Canal Place project that I was working with before I came here has been in process for 10 years, and only one building is up. It is a very live, active project, but it has taken 10 years to complete one building of a multifaceted project.

So for us to believe somehow or other as naively as we did that all the deteriorations that have taken place in the cities, all of the mistakes we made in 200 years of this Nation, that by passage of some legislation and the implementation of new programs that we would automatically cure the problems, was rather naive.

We have experienced the same thing, Mr. Chairman, you and I, and a number of others in civil rights legislation. The passage of the law in itself, to many, was a great step forward, and we thought that perhaps that in and of itself would end discrimination. Now we have been at *Brown* v. *Board of Education* since 1954, and the progress, even though it is at all deliberate speed, is a lot slower than any of us could have possibly imagined.

The CHAIRMAN. Mr. Secretary, I would like to thank you. I have a number of questions that we would like to submit to you in writing and ask you to submit answers for the record.

HOUSING

I just have one additional question prior to taking a recess for the vote. It goes to the question of housing.

As you know, a number of years ago, the rule-of-thumb was an individual not spend more than 25 percent of their monthly income on housing. But at this moment, in reading through the Brookings Institution study on housing and some preliminary data we have developed in housing, it indicates that our laws don't support renters; that on an increasing basis it is becoming difficult for renters to survive; it is becoming difficult for people who own rental property to survive; that our laws tend to support homeownership and that the trend is forcing people to purchase homes.

An article appeared in the Washington Post the other day that indicated a number of young single people are now finding themselves forced just to survive, to come together in groups to purchase homes because our society is now forcing these people into homeownership.

The economy, on the one hand, and the laws, on the other hand, are forcing people into homeownership simply to survive. Rental housing over time is being constricted because there is no support base for rental housing, and people who own rental property, for example, just to survive, are now being placed in a position of having to turn that property over to developers, who then turn it into condominiums for the purposes of tax writeoff and profit, and what we are ending up with is a horrible situation here where we are forcing people, on the one hand, into purchasing homes and, on the other hand, we are making housing so expensive that we may find ourselves in a situation where people are spending 50 percent, not 25 percent—it is increasing now from 25 to maybe even 35 percent of their income, and, as I understand it from experts, if this country ever gets to the point where people are spending half their money on housing, that the bottom of this economy is just going to drop right out.

Do you have any comments to that, and are there any thoughts as to what this administration would recommend as a way of giving support to people who are not interested in homeownership, who want to be renters, and don't want to live in condominiums or private dwellings?

Secretary LANDRIEU. First of all, Mr. Chairman, I happen to be one of those who thinks that homeownership is a very acceptable lifestyle.

The CHAIRMAN. I don't quarrel with that. Should everybody own one, then?

Secretary LANDRIEU. Anybody who wants to own one I would hope would own one. I am for letting folks do pretty much what they want to do in this life, and I think home ownership is certainly a healthy thing for the country.

I also believe that we have to have a certain amount of rental opportunities for the people of this Nation who choose not to own a home for whatever their reason and who want to rent. But we do operate in a relatively free market system, and somebody has to pay for that investment, or at least somebody has to make that investment attractive enough to be made.

There are a number of factors, I think, that have to be measured. We are concerned about the increased cost of housing, deeply concerned about it. But in analyzing it we should understand that several things have happened.

No. 1, we have increased tremendously the quality of housing so that people are getting much better quality housing today, though they may be paying a high percentage of their income for that housing. There isn't any doubt that as we read the figures, the number of units today—I think the figure was 97 percent inner-city rental units have complete plumbing. One might say: "My God, you are bragging about having plumbing in this day and age." As a matter of fact, it is a fantastic achievement for this country. One needs only look around the world and see how many people in other economies and other nations are living without these benefits. So I don't make light of how far we have come.

The **Chairman**. Mr. Secretary, could I interrupt for one second? For example, the Brookings people indicate at their conclusion that the issue I laid out to you is rapidly becoming the most explosive urban issue in the country. In fact, their conclusion is that we may be so far down the road with this problem that there is nothing we can do about it. So I am talking about a problem of incredible magnitude and that is the issue of the availability of housing for substantial numbers of human beings who either don't have the necessary wherewithal to purchase homes, they don't exist, or they are being pushed out or forced into a situation where an extraordinary amount of their income is going for housing in a society that had as a rule of thumb no more than one-fourth of their income going for housing.

So with a prestigious think-tank organization like Brookings Institution and others pointing out this kind of problem is looming, an incredible urban problem, I sense a different sense of urgency.

I guess that is the point I am trying to interject into this discussion; that it is not a light thing. People are writing that the lack of available housing and the cost of housing are becoming the incredible urban issue of the 1980's.

Secretary **Landrieu**. Mr. Chairman, I hope there wasn't anything in my statement that led you to believe that I treated it lightly. I think I told you we are deeply concerned about it, but simply railing at the problem doesn't solve it. I think we have to understand why the problem is there, and if we can understand why we have the problem, we might go about solving it.

RENT CONTROL

If, on the other hand, we don't understand why we have the problem, I don't see how we can develop any solutions to what we are facing. Many people, for instance—and I would love to spend some time with you on this issue—think the way to do it is to go to rent control and therefore you keep the rents down. That sounds very attractive, and it is politically popular. Except, when you do that, Mr. Chairman, you completely destroy any incentive for the private sector to invest in rental housing, and what may be a temporary relief to those who are currently renting becomes an absolute nightmare for those that follow, because there will be no substitute housing built if there is not a reasonable return for an investor to invest in that rental housing.

That certainly is one of the problems. I am not saying that is a national problem as of this moment, but the fear of rent control certainly is, and that is one of the factors.

We have enough capacity in this country to build as much housing as this Nation needs. We have the capacity. We have the capacity in the contracting business, and development business, and the engineers; we can build as much housing as this Nation needs. The question is, can we pay for the kind of housing that people want, and my answer to you as of this moment is no.

The **Chairman**. Mr. Secretary, I have to suspend because I have to go vote. I appreciate very much your testimony before the committee. I would simply add that I think you raise a significant question when you talk about the issue of rent control at the local level. My interpretation of that is that rent control initiatives at the local level across the country is a local expression of the need for national policy in this area, and that people attempting to deal with this housing problem, jurisdiction-by-jursidiction is simply a screaming of human beings around the country for the need for a national policy in the area of housing, and rent control initiative on the ballots in these various cities is the expression of human beings saying we desperately need to address this issue as a national problem.

I see more and more cities dealing with this matter on balance, and I think you are right; it only deals with one aspect of the problem. It doesn't take a comprehensive look at it, but I think if we at the Federal level view these rent control initiatives as an expression of local communities saying housing is a national problem, and we have got to develop a national policy toward it, then it seems to me we can respond appropriately to what is going on at that level and don't have to argue the merits or the pros and cons of rent control at the Federal level, but simply perceive it as an outcry of human beings saying at the Federal level we think there is desperate need for a national policy in the area of housing.

I see these rent control initiatives more in that regard.

Secretary **Landrieu**. I think we have an excellent national policy, Mr. Chairman. I think we have more housing opportunities, deeper investments being made by the Federal system today than we have ever had before. The President just asked Congress for another $5 billion for assisted housing alone in this Nation for this coming year, which is a quantum jump, and is insisting upon that level of funding even in the face of trying to balance the budget.

This administration has a terribly deep commitment to housing. I simply say it is much too narrow an issue to hang it on rent control. I mentioned as one aspect, to help understand, where there is not sufficient investment taking place from the private sector out there. If the private sector is not going to make money in automobiles, it will find a way to make money in widgets, and if not in widgets, it will find a way to make money in something else, unlike a government-controlled economy, where we can invest whether it is profitable or not. If it is in need, then the Government invests. But ultimately, unless we have a strong private sector, the Government better be prepared to do it, and I have not yet found a government where the housing policy is run and controlled by the government that provides the kind of standard of living this country has provided for it through the private sector working in partnership with the private sector.

The **Chairman**. Mr. Secretary, thank you very much. I would like to say to you these hearings are not designed to develop a platform to criticize this administration. My objective is more lofty. My objective is to simply say to my colleagues in America that there are cities here, that there are matters that we need to look at and bring the greatest intellectual competence and capability and political commitment and conviction that we can to resolve these problems.

So I didn't raise these hearings to put the administration in an offensive or defensive position, but to allow us to engage in some intellectual exchange with respect to the needs for certain kinds of policy development as we move through the decade of the 1980's, and I realize that Congress often is a place that tends to pit Members of Congress against the administration, back and forth. These hearings are not designed to do that.

My objective is, as I said, much more lofty, and that is to say Washington, D.C., is one of those cities. I don't agree that it is a unique city other than the fact it is the capital. Beyond that fact, I think it has the generic problems of any other major city in the United States, and if we can focus on Washington, D.C., and begin to address the problems of Washington, D.C., I think we then have the clues to the kind of shaping of the kind of policy we need to address the problems of urban life throughout this country.

I hope I was communicating in this effort. I am not here to challenge the Carter administration. These cities are going to be here when the Carter administration is no longer around, and that is my concern; what happens to the cities in this country beyond political personalities and beyond individual administrations, and so I wanted to say that for the record publicly so you could understand my motivation here was not to set the administration up and play games. We have a serious objective here.

Secretary LANDRIEU. I understand that, Mr. Chairman. Sometimes in my discussions I am more of a passionate participant than I should be, simply because I am interested in the subject matter. I have been at this business now for 20 years, and I am still learning, and I know of no administration in that whole period of time that has done more for the cities of this Nation than has this administration in the past 3 years. I certainly didn't assume what we were doing was being critical. I just think it is a very deep issue that we tend to want to solve by either isolated, quick-fix, or by some new gimmick.

The cities are inextricably tied up with the freedom and rights of people to live and to move where they want to, or where they don't have that right, to make certain they do have that right. They are tied up in the economic system; they are tied in with the political structure under the control of States. As I said, there are 38,000 jurisdictions, so it gets to be a terribly complex situation.

I agree with you that Washington, D.C., in some respects is like other cities, but I think you will find, Mr. Chairman, that there really are not any two cities alike. Right now, many cities are going through terrible unemployment. In Detroit, it is horrible right now. You go down to the city of New Orleans, and while I am not saying we are basking in the light of great prosperity, the unemployment is relatively low, simply because the industrial base of those cities are different. One is a manufacturing base city; the other one is based on a port and tourism, and those economic cycles are running out of synch right now.

So there are significant differences, and I do think you have to treat Washington, D.C., quite differently than any other city in the Nation. It is very different. And the mere presence of the Federal

Government here, and this being the Nation's capital, and people believing that this is the national city, it deserves special attention, in my judgment.

The **Chairman**. I thank you very much for your contribution, and taking the time out of your busy schedule to appear before this committee on these hearings. We appreciate it.

Secretary **Landrieu**. Thank you, Mr. Chairman.

The **Chairman**. The committee will stand in recess for 10 minutes.

[Recess for Members to vote.]

The **Chairman**. The committee will reconvene its business.

Mr. Widner, thank you very much for providing us the opportunity to provide the Secretary time to meet his schedule. Again, as I indicated I thought your opening presentation was fascinating and I would like for us to discuss it a little bit. You were in the audience when I alluded to some of the data with respect to the District of Columbia, and I find it very interesting when one looks at the District of Columbia, we do see this middle income group of people, black and white, leave the city never to return.

I would appreciate if you could comment to that.

PEOPLE MOVING TRENDS

Mr. **Widner**. It is because of data like that, Mr. Chairman, that I think the District, while unique obviously in its role it plays in the system, does reflect some trends that are likely to affect other cities as the decade wears on. There are some special reasons why we see it first here, that we can talk about, if you wish. I think we are going to see that pattern in many cities for the simple reason that the people in the middle income bracket, the families in the income bracket you mentioned that leave the city, are essentially moving into a stage of life from child rearing, and space around the home, school considerations, a lot of other things enter the equation, and so they go to the suburbs. That is what drove them to the suburbs after World War II, and at the same time as you indicated we have these very young people in the lower income brackets who did come into the city, and I think at least for the next decade, and probably for a short time after the end of this decade, that group will be fairly sizeable, and will account for a good deal of this movement that we are talking about, this gentrification that we will see in the cities. The fact that upper income people can afford the cost associated with urban housing would account for those over $35,000. You are right, we may have to raise that a little bit given inflation and everything else, but they can afford the tradeoff costs involved in living inside so you get this maldistribution.

The further out on the urban pheriphery you go, the lower the cost of the housing and the more expensive the commute gets to be. It will be a factor, and therefore, there are some who think the energy situation may change the pattern somewhat. I am a little skeptical about that. I think it will have some influence on whether those young people who come in in the early stages of their lives when their income is still relatively modest, and they do not have a family, they may decide not to move out because of the cost of commuting, but I do not see people getting rid of their suburban house and moving in because of the commuting; it would take a very, very substantial increase to make up the difference in cost to them for that move.

I think that is a national picture. It probably will be with us for the reason that the Secretary alluded to, that we are trapped by a political definition of the city.

There are cities, for example, the city in which I spend half of every week, Columbus, Ohio. It is a city that was able to annex territory very substantially over the last 17 years; in fact, it quadrupled its territory over the last 17 years, also a lot of the suburban territory is captured within the city boundaries. It is interesting now that development is going out way beyond that even because of a combination of housing costs, schools and so on.

The pattern is not unique. It does cause us some concern because of the maldistribution of the population and the taxpaying public that it represents.

If we are looking for a solution to that, I think that the Secretary is pointing in the right direction, and that is, it may be that we have to change the way we finance schools, and the way we define political jurisdictions or services for some purposes. Even if we had the boundaries in the right place, this kind of pattern would tend to appear, but if we start financing our schools in a more sensible way, then we have been financing them, we can deal with that maldistribution problem.

FINANCING SCHOOLS

The **Chairman**. Do you have any thoughts with respect to the financings of schools, because one of the concerns that I tried to allude to with the Secretary is that if the inner cities, the center city is overwhelmingly single families, then what is the motivation for financing educational systems for a small percentage of people in the city who have families, many of them low-income families?

Mr. **Widner**. Well, this is one place where the District does have a unique situation that nobody else has.

Let me talk about the problem in general. Then we can deal with the special problem of the District.

Throughout this country, there has been a recognition over the last 10 or 12 years, and starting with your own State with the Snoma decision about the equity of school financing when we use the property tax. And that has led to a growing recognition that a child should not be penalized for being born in one jurisdiction rather than another, that there is a fundamental, almost constitutional right, at least under many State constitutions, to a quality of education. For that reason, we are seeing shifts beginning to occur that rely on State governments, by and large, to redistribute revenues for the State as a whole back down to the school district, so you get some equity in school financing across all the jurisdictions. In my State of Ohio, we have gone through agony on this question and really did not solve it politically, but one business group last year made the extraordinary recommendation that we collect the property tax at the State level, particularly for commercial and industrial property, and then redistribute it on the basis of some formula that would recognize need among the school districts. That then would begin to get you off this problem of people within a jurisdiction not being interested in supporting schools because they do not have children in the school. By the way, that may be more conventional wisdom on our part. We found in one suburban jurisdiction we analyzed on a school levy, the heaviest vote against the levy was among the families with kids in schools, because they were the ones that were feeling the budget pinch the most, and the older and younger people who had no kids voted in larger numbers for it than the ones that had the kids in school.

The District situation, of course, is very unique, because you are a State, county and a city all in one fell swoop, so we wind up with either a District or Federal responsibility. There is no other alternative in between. I am not an expert on the District. One of my colleagues is a specialist on the District, and I asked him to come today but he could not.

I do not know that I can come up with an intelligent answer for the particular problem in the District.

HOUSING

The CHAIRMAN. Well, I appreciate that. I will just move to another area, because I think you have adequately responded to my question. I wanted to ask you where in your list, I assume it was in the number 3 recommendation, that is, the redevelopment of land but the question I want to raise was where do you see the housing problem in your list of priorities for the cities, as I said, Brookings and other people who have begun to try to tackle this issue of housing in the urban centers, are pointing to the notion that the housing issue is rapidly becoming the number one crisis in the country, the availability of housing, and the affordability of housing, and the pressure to move people to homeownership simply because the laws of economics do not support any other approach.

Mr. WIDNER. Well, the housing problem is one of the major issues on the agenda right now in terms of its affordability, and you have to look at it as if it were a bermuda onion, and you were peeling away the layers, because there are several reasons for those extraordinarily high costs. Compared to European countries on the whole, we build a lot more housing per person or family at a lower cost than the vast majority of our other countries comparable to us. Housing is a lot cheaper in the United States than it is in most of those countries, and we have always had a warp in public policy that tends to favor housing over other forms of capital investment.

This experience we are having right now is an unaccustomed one really for us, but it is a fairly traditional one for many of the European countries where you really have to be extraordinarily wealthy to have a privately owned single family house; but if we look at it as a bermuda onion, there are several factors that contribute to the increasing costs. Of course, we can never forget the impact on the economy and the ramifying effects on the economy of rising energy costs, and that works its way through the whole system, and drove up the cost of money which had an effect on the financing of houses, so there is one set of effects that are more a matter of national and international policy. When we get down to what we can actually do, there are two areas that we can start looking, no, three, that we can start looking at.

First of all, for perfectly good reason, we have required builders to go through a great deal more procedural review in the construction of housing than they used to have to go through, and we have underestimated the impact that has had on the costs of the housing.

The amount of delay that that builds into construction, and the inflation rates we have been having in the last several years, the amount of costs that that adds to housing and construction of all kinds is extraordinary.

If you would like, we have just completed a paper on the cost of delay in our economy. We call it, we named it after a song, "As Time Goes By."

The CHAIRMAN. We would appreciate that.

Mr. WIDNER. You might find it interesting because we look to a couple programs, the community block grant program, and so forth, to see what the costs are for housing and various kinds of construction, and that is a major factor. Most developers cannot sit on the front end money that is required to build for long protracted periods of time at today's inflation rates without really getting into very serious cash flow problems so you got a problem there.

The second problem is that in many parts of the country and here in Washington, particularly in the Virginia suburbs, we have had an example of this. We have, in effect, rationed the housing supply, for example, by declaring moratoria while we get our sewage plants built or environmental protection measures, the Fairfax County moratorium of several years ago. Now, what that does, it restricts supply versus demand which drives up price, and we have been doing this, or things like this, across the country, and that has driven up the cost as well.

The third is that we sometimes intervene with public policies to try to influence the price of housing, and in the process actually drive it up higher without knowing it. I think all this boils down to the fact that we now have to take a hard look at what we have done in the past, not abandon our standards or criteria, but simplify the procedures by means of which we implement them, so that a builder does not have to go through 16 different reviews with 16 different agencies, etcetera. We got to cut the red tape out. Second, we got to be very careful about how we ration the supply of land for new housing, or the cost of land for housing. And I think if we do those things and get the inflation rate under control which is a fair task, that the costs of housing will then come back down to something like the tolerable range of 25 percent that you were talking about. The difficulty will be that everybody, it is like a mustard plastered on the problem and maybe make it worse and we go to get at the whole systemic root of it.

The CHAIRMAN. I have a few questions we prepared, and we would like to get responses for the record.

RENT CONTROLS

Do you agree with me that various rent controls initiatives that have come forward in a number of cities around the country are really a manifestation of a national problem, an expression at the local level of the need for national policy in the area of affordable housing.

Mr. **Widner**. First of all, I think it is understandable why people want rent control. It is a classic case of grabbing for a solution to solve a problem, but maybe getting the opposite result of what you are after. It does indicate, and you alluded to this earlier, in American housing policy, the renter is out in left field. We have done a number of surveys in the past year around the country and find that this is a major concern on the part of many people. How do you get fair treatment for the renter?

I think that is an area that we, as a nation, we have got to look into it. If we decide that housing in one way or another should be assisted or subsidized, then it ought to be assisted equitably for all kinds of households including those who rent. It is unfair for those who decide to rent, they may be young adults, it may be unfair for them to have to bear the brunt of an incentive system. That only rewards those that can afford to buy.

PEOPLE MOVING TRENDS

The **Chairman**. Thank you. Mr. Widner, you mentioned earlier in your presentation that suburbanization seems to be economically motivated, and I would like to draw a fine distinction. Are you suggesting that those persons, people leave the center city, do so because they can no longer afford to live there, or are people moving into the suburbs because they can afford to live there?

Mr. **Widner**. The affluence tends to pull toward housing, and other amenities that they think they will find more readily available in the suburbs. Until you reach a certain level, and then, as you have indicated, upper income people might swing back, and that happens in every country, even in the Communist countries. It was remarkable to me, for example, in Poland and Hungary, to find that the Government, the political people in the Government, felt that the population, by and large, measured its improvement in its standard of living with two things, and two things only. No. 1 was housing, and No. 2 was an automobile. So the police, we were over there, they committed themselves to a large number of automobiles, and because they could not put single family housing in a city like Warsaw, they had to provide a national subsidy for a second home in the country, and they provide a second home, single family home in the country, and they have a flat in the city. This is a uniform phenomena. Even in black suburbanization, we find the movement is an economic decision, and racism becomes a factor in the way that whole pattern gets shaped, but the decision to suburbanize is made possibly by rising aspirations that are tied to income.

YOUTH UNEMPLOYMENT

The **Chairman**. You have anticipated one of my other questions. When the District of Columbia's high youth unemployment rate is viewed against a backdrop of the fact that 71 percent of all workers in the District are professional, technical, or other white collar types, what are the implications for program efforts to fight unemployment?

Mr. **Widner**. Well, we have two cities. We have one city that is caught up in the mainstream that that 71 percent represents, and a percent of the black population is in that. And then we have this other city that is almost totally isolated and alienated from the larger mainstream around it, doesn't really get to participate in it, gets ignored frequently, and that is the festering that is inside of many, many of our cities.

What Washington doesn't have that many of the old industrial cities have is that there is really a third city in the old industrial cities. You have this professional cadre that is expanding, that the downtown office development is on, and then you have the blue-collar workers being displaced as changes occur in the traditional industries, and they are a special group, and then you have the group that never got into either one of those, that is isolated.

In most of the American cities we have this block of folks that are outside the system, and that is why I think that has to be our No. 1 priority. No society can stay healthy for very long with that condition existing. We just have to get at it.

NATIONAL ECONOMIC POLICIES

The **Chairman**. You were present when the Secretary and I engaged in a colloquy with respect to the national policy on youth employment, and I would like your thoughts on it.

The thought I was trying to convey to the Secretary was simply that virtually every other industrial society has in very specific terms developed national policy dealing with the issue of the transition of young people from school to the world of employment, and they have done it in the public sector as well as the private sector, and there are a number of initiatives one can deal with.

First, I would like to ask, are we in agreement that this is one of the industrial nations in the world that doesn't have the national policy, and if we do, what do you perceive the national policy to be?

Mr. **Widner**. To oversimplify, I think it is fair to say in many of the other industrialized countries economic policy really consists of three pieces. This is oversimplifying. First, you have the aggregate policy that deals with monetary and fiscal policy, the sort of thing we did with the Employment Act of 1946.

Second, they have sectoral policies, worry about how specific parts of the economy are operating. It can be the employment of young adults or manpower adjustment as some industries get obsolete—that is what you are referring to in Sweden, for example—or whether shipyards are obsolete and should go into the business of building oil rigs. But they are aimed at keeping their industrial base up to date and competitive.

Then there is a third set of policies that are spatial, that worry about places, whether there is too much concentration of employment in this part of the country and not enough in others, or whether the cities or rural areas are in trouble, but they worry about the distribution of employment and population.

Now, we really haven't had any formal consensus in the United States, that kind of economic policy that worries about all three dimensions. We have had mainly an aggregate one since the Employment Act of 1946 that worries about monetary and fiscal policy. We have enacted special programs, many of them to worry about sectoral issues of one kind or another when they rise to political attention because somebody is hollering, and they want attention. We have spatial policy, the urban policy, the regional policy, and so on. These have never been taken seriously as part of the arching overall economic policy. In Sweden, the labor market policy is a very sensitive part of their overall economic policy. If they get a bottleneck developing in one part of the economy where there are too many people, they immediately take those folks, retrain them and move them to another sector of the economy, so the economy keeps operating smoothly, and there is not a manpower bottleneck.

We have never done that. We respond to a call of help, and it is a kind of reactive policy. Quite frankly, my colleagues and I have concluded, and not alone, because now the papers and the magazines are full of it about the reindustrialization of America, and so on, that we now really have to develop a set of economic policies that worry about the sectoral performance within the economy, including our manpower pool, and also worry about the spatial policies, the problems of places that are affected by economic change—and hitch them together seriously, not just as little placebo programs, to mollify an interest group or somebody who is hollering for help.

My hunch is, Mr. Chairman, that the country is rapidly coming to the same conclusion. If you take the media as any barometer of what is happening, we are finding all of our papers and magazines filled with articles about the reindustrialization of America, about labor productivity, about the cost to the society of underutilization of manpower and equipment, and so on. If that tide represents anything, it seems to me there is a thrust there toward going the next step beyond the Employment Act of 1946. It is not socialism; it is just a better way of doing things than we have done in the past.

The **Chairman**. I appreciate that very, very much, Mr. Widner, and on that note I would like to thank you on behalf of myself, the members of the committee and staff, for your contributions to these proceedings. I think your contribution has been significant and important, and, frankly, extremely valuable to us.

If additional questions occur, we would like very much to be able to submit them to you in writing and hopefully you would give us a response back.

Mr. **Widner**. I would be happy to.

The **Chairman**. Thank you very much.

The committee will stand in recess until 1 p.m.

The Chair would like to apologize very much to our next witness, but due to the structure of the morning, we were not able to get to him, and I would like to not rush through the testimony, and if the gentleman can come back at 1 p.m., we would appreciate it very much.

[Whereupon, at 12:05 p.m., the committee recessed, to reconvene at 1 p.m. this same day.]

AFTERNOON SESSION

The **CHAIRMAN**. The full committee will come to order.

Mr. Laplois Ashford is the Director of the Southeast Neighborhood House. The Neighborhood House is a 50-year old social service agency serving the residents of Washington, D.C., east of the Anacostia River.

It is a United Way affiliate organization and a United Planning Organization delegate agency. UPO is the local Community Action Agency for the Federal Government in the city.

We would like to welcome you, Mr. Ashford, and again apologize for not being able to include you in this morning's witness list. We would like to begin and you may proceed in any fashion you choose.

STATEMENT OF LAPLOIS ASHFORD, EXECUTIVE DIRECTOR, SOUTHEAST NEIGHBORHOOD HOUSE, WASHINGTON, D.C.

Mr. **ASHFORD**. Thank you, Mr. Chairman.

I want to thank you again and members of your staff and others who have invited me here today.

I want to say just a little more about Southeast House.

In addition to being established for 50 years, it is now one of the larger social service agencies in the city, if not the largest other than UPO with a $2.2-plus million budget, 125-plus member staff, very extensive and spread out over Anacostia and the far southeast of Washington.

Before I begin addressing the issue today, I want to relate that I have made some changes, based on some of the conversation that I heard this morning which became quite interesting, and I made some additional changes over lunch.

I would like an opportunity when this is over to come back with a fresh copy for your record.

The **CHAIRMAN**. Without objection.

Mr. **ASHFORD**. OK; likewise, I want to preclude my remarks with some perspectives that I will be talking not from the role of others that I have heard today from an academic background or one who considers himself an authority on this, that or the other, but be talking from the perspective of one who experiences problems within a community that is affected by Federal funding on a day-to-day basis.

Likewise, I will be talking in perspective, because I have to compare it with some other experiences that I have had as a vice president of National Urban Coalition; I have had the opportunity to travel to major urban centers in the Nation, and those experiences I have behind me.

I was executive director of Urban Coalition in Chicago and Rochester, as well as national youth director for NAACP and other things.

As I talk about the problems of Anacostia and the far southeast, I cannot divorce those problems from those which I have seen across our Nation, and I heartily agree with you that urban problems, no matter where they are, and our city problems, are essentially the same.

I heard the Secretary of HUD this morning say that Washington is a beautiful city. I agree with him that it is a beautiful city, but I think something different about Washington as compared with a number of other cities that I have been in.

Cosmetically it is beautiful, but below the surface we find the same festers and the same sores and the same urban problems from housing to education that we find in most urban centers are right here, and at times when I see the level of them here as compared to a Chicago where it is bad and not only looks bad, things are bad here, and it looks so nice from this building, if you get higher to look across at Anacostia and see the view there and vice versa, it looks so nice but right under our doorsteps, under the Capitol, we have some of the most serious urban problems that can be found in this Nation.

I want also, before I begin to respond to your question, to give what I would say is an assessment of how people in the community we serve view and feel about government in general, that is, the D.C. government, the Federal and any others that might be involved in between.

First, I would be remiss in characterizing these feelings as less than utter frustration and hostility. Many of the organizations or institutions which we provide services to the citizens in the far southeast Washington are Government-supported in one way or another.

Much of what can and cannot be provided is directly connected with Government. We are in a community which is highly dependent upon Government for its basic survival, looking from jobs to housing and to food.

Likewise, it is a community which actively experiences the results of Federal decisions in funding as opposed to just reading about them and thinking about othem across othe table, because it appears with the high amount of government involvement that we have in a community like far southeast Washington, especially the Anacostia section, that whatever you do affects us one way or another, because again this is a community that is highly dependent upon Government.

The social demographics of the Anacostia and moving out of Anacostia into Congress Heights, it gets less as you move farther south and farther east, but the social demographics are as devastating or as serious as you could find anywhere in the country.

I think that we have something right at our doorsteps that is as volatile as Mount St. Helens. With the dynamics that we experience on a day-to-day basis, it is hard to say when something is not going to explode.

Right in the District Weekly this morning, and we participated yesterday in a march against drugs in that community, yesterday, many people were hollering and talking about wc have got to get out there and stand together, but as they marched for one block they disappeared because a lot of those folks against whom they were marching standing on those corners were taking names and consulting with each other, and they intimidated the people who had been asking the police to clear up this new pocket down on 14th Street on the corner of Calvert and Martin Luther King.

It is the type of community that wants to be somebody and to be something, yet the social problems all around are so great that it is hard for someone who has a little resources to do something, to really accomplish anything.

LOCAL LEADERSHIP

I would say there is a great deal of disillusionment with our political and nonpolitical leadership. Thus, there appears to be a continuous search for local leadership which expresses political directions and values related to the needs of the community.

Organizational and institutional leadership are also sought which provide direction as well as the resources which are needed in our community.

Therefore, an organization like Southeast House must respond not only to the mission statements that we have in our bylaws, or respond to the contracts that we may have with various agencies or foundations to do a particular program, but we have to respond in a very human way to the day-to-day needs of people which may not be covered in any program or any type of funding that we have, but we have to have a commitment above and beyond the cause of dealing with some one symptom.

We have got to have a holistic approach toward the programs which we administer.

FEDERAL GOVERNMENT ROLE

From the perspective of one who directs a service-delivery agency which is enmeshed in the various levels of funding from the Federal Government, it is necessary, I think, that a brief description of just what I feel about the Federal role in funding of local institutions and affecting those funding mechanisms as they relate to the day-to-day organizational institutional operation.

The main point which should be observed is that the local organizations suffer from an observation that you have made time and time again this morning. They suffer from any lack of clear policy in the domestic programs specifically.

We need some clear-cut policies around which we can plan and coordinate, or else if we don't have it I think we are going to have these piecemeal approaches which, as I will talk about later on, are too many times self-defeating.

They are conflicting, self-defeating, and they are frustrating as well, if I could say it, for an agency to try to administer them, and I think we are probably in one way fortunate that we have the agencies out there but not so fortunate that the agencies many times are cooperating out of their intense desire to do something and compromising at the same time, because they know what is being done is not really meeting the issues but this is all they can do so they cooperate with government.

I find myself in that position. I would rather try to do something and make the best out of that something with a lot of changes, and I will tell you very frankly, I don't always follow those guidelines when they say somebody can't have food in certain programs; if they are hungry they get fed, and we try to find a way.

I would like to give two general examples. One is the nature of the Federal commitment which has been tentative at best. OK, the commitments which were assumed by the Federal Government in the midsixties resulted from the pressures in the communities and racial minorities have now been dissipated. These commitments were based on fears as well as the concerns of middle and upper class citizens that we should do what is necessary to ease the tensions caused by "those people."

The commitment seemed equally as urgent to give them what they want to shut them up as much as any real concern about their plight, because I have not seen any continuity of the initiatives that were started. The initiatives again have been dissipated.

Included in those commitments were also what I feel were political indicators, and that is, give them a piece of the pie and perhaps they won't be on your back too much. As I remember, the massive Federal funding began with local initiatives. Later it moved to State agencies and even later the Federal structure through which the funding was to get to the communities was eliminated.

LOCAL LEADERSHIP

Active leadership for community and racial minorities, primarily black, was successfully preempted. They were made part and parcel in many ways of the structure which was doing the preempting.

To give you some examples, I have seen welfare mothers become executives almost overnight. There is absolutely no training, nothing to prepare them when this funding ceases to move laterally or to at least move in another position in that field.

Those of us who have been involved in Federal programs, especially from the beginning, saw a great bonanza for an awful lot of people. I always appreciated that, but I always likewise put conditions on any position that I had.

I got, I think, the finest example that you can have. The State director of community relations for the State of Illinois was a member of my staff when I was in Chicago, a person who had not really completed high school, but when I became executive director of the Chicago Urban League, I had to say to her, "Listen, you might be doing quite well here, but I don't need you if you are a slave here. I don't need anybody that has to stay here because they can't get a job anywhere else. You have got to train yourself."

She has gotten her credentials and the results show for themselves. I saw far too many examples and I can show you them right now both in this city and other cities of the people who became a part of this preemption and have never grown any from it. That is not leadership, and that is not growth.

When these funds go they will be some of the first to be affected, because they are not prepared to go anywhere else.

Likewise, I have found that the active leadership, as it was preempted, that priorities change, because an awful lot of people learned many things from the civil rights movement of the blacks in the sixties. The feminists' rights, the gays, even other minorities, and I can remember seeing films of people singing, "We shall overcome" in Japan.

An awful lot of people learned from that. As our black leadership was preempted, other leadership came up to address other needs, and government has been very fickle. It changes to what are the pressures of today, as opposed to having any firm, well-planned policy around which those who are in the delivery business can deliver on some kind of sustained basis over *x* period of time.

You don't give somebody eternity, but you give them an opportunity to do a job. This piecemeal, year-to-year thing, not knowing where you stand, not knowing if this title is going to be funded this year, is the worst disaster I have seen, and it makes for inefficiency from every level, because nobody can really plan.

I have experienced too many times October 15, after a Federal fiscal year has begun, just receiving a notification grant award, and all of a sudden you have got to hurry up and catch up and spend all the money because we don't want it to go back, all that sort of thing. It is self-defeating and stupid, as far as I am concerned.

Let me say something else about that black leadership, and I am talking about blacks because I am talking about black and poor right now. That is the community I serve, but having grown up in the NAACP movement I believe in the rights of everybody, so don't anybody get me wrong that I am talking for one interest group.

The black leadership which existed in the sixties has not as yet been reestablished, essentially, again because some of the leaders are now in different positions of leadership which are closely alined with the status quo.

I would not go so far to characterize that leadership as well-outs or to say we are now part and parcel of the system in varying degrees.

I would say the change to the inside for many of us, and I have to address this issue for myself, the change to going into government as I went into government in Rochester, N.Y., as the deputy commissioner of public safety following the riots, they ran me out of town before that, but when I went back there the changes that you can make from the inside, many times you can make significant changes, and I feel good about changes that have been made, but I think too many of us have fought to get inside and not stayed outside where we can be real advocates.

There is only so much you can do and I look at this and other administrations where people have come with fantastic reputations for advocacy. Maybe they will stay a little while; they don't stay too long if they stay committed to those very same principles that they had when they went in.

I see that among us; it is like crabs in the barrel out there and fighting for the little crumbs that might be available.

The conclusion that I would want to make is that was we approach the 1980's with the experience of the 1960's and 1970's, and especially with some among us who are becoming part of the haves as opposed to the have-nots, we find a castration of present leadership, even though it might be sincere and dedicated. The Federal role appears to be based more on pressure than commitment.

The lack of similar pressures that existed in the 1960's and a lot of those pressures existed because of the middle and upper class concerns. Their children were involved in the civil rights movement and many of their children were being arrested down there.

Many of them were breaking ties with the family to fight for the rights movement, although many of them are now a part and parcel of the status quo and the system again, but the pressures that were once felt by government are not felt as much because we have had so many interest groups that have taken the teachings of that civil rights movement and used it for their own ends, although the ends are good.

CHANGE IN PRIORITIES

I would say that another thing that characterizes the government, and I have talked about it a little before, is the changes in its priorities. In the absence of any concerted direction either by the citizenry or our national legislators, other political leaders such as in the executive branch have devised their own mechanism for changing based on what they ascertain to be the priorities or the desires of the people, again those who hold the power.

During the Nixon era there was a great deal of pressure perceived for substance abuse programs. Massive efforts were embarked upon only to be cut off when other priorities were perceived. Concurrent with OEO funding and programs, there were a number of model city type programs, and these programs were embarked on only to be cut off when other priorities again were perceived.

LEAA type grants, educational legislative programs and supplemental education programs for the disadvantaged were among those initiatives, and if we really sat and wanted to name them we could name a whole lot of initiatives that have been started and stopped like turning on a faucet and turning it off when we have had just a little to drink.

Something else happened during this period, these periods that disturb me, and as a person who has to operate on a local basis, because concurrent with the government's flimsy-flamsy, whimsical ways in changing its priorities from year to year with a number of behavioral theories that were developed by social scientists, and they seem to be developed to try and justify or qualify in some ways what government is doing.

For instance, we had Moynihan's "Benign Neglect" and Jensen's "Theories of Intelligence," the minorities are not as intelligent, Shockley's "Racial Support," et cetera.

Another conclusion that I would make is that the changes of priorities are similar to the articles that appeared in the Gannett Rochester newspaper. They were entitled "Winds of Change." Those papers are not known to be in any way liberal in Rochester, and there are a lot of justifications, and you will find Eastman Kodak did a lot of justifications of the types of employment policies that they had and all this sort of thing.

Rochester was a very embarrassed city when it had riots and the "Winds of Change" was a series of articles all of which were designed in my mind to justify what happened in Rochester.

Those are not the regular Rochester citizens. Those are people who came as migrants from Florida and what have you. I find that those social scientists in some ways appear to be following what are the whims of the day.

If you want to do something you find somebody who is going to support you and you got something based upon which to change your policies again. Perhaps I am getting a little confused in that but we will have a chance to dialogue hopefully.

A further conclusion based on "1 and 2 of the below" was the blatant evidence of the need for well-planned consistent and realistic Federal roles in funding which has commitments on a long-term basis similar to what we do with our military and survival as opposed to that year to year seemingly whimsical approach to domestic problems and programs.

This would allow for increased delivery based on the planning and coordination and organizations which are involved in the Federal role of the service delivery process.

I was going to deal with answering your questions now; if I could go on to do that, or do you want me to conclude and we dialog over the questions?

[The questions referred to follow:]

1. What has been the experience of your agency in its efforts to secure federal monies and resources for use aginst widespread community problems? Would you say that the government has been highly responsive; moderately so; only nominally; or not at all responsive?
2. Are the federal government's responses to your requests for aid usually proportionate to the size of the problems you are dealing with? (If not), is what you usually get only slightly less than what is needed; approximately half of what is needed; or vastly less than what is needed? For example—
3. In the order of their seriousness and the urgency of the need to solve them, what are the major problems you see in your community and are trying to deal with?
4. Are there any very serious problems in your community which your agency has not been able to appreciably deal with at all because it lacks sufficient resources? (If so), what are these?
5. How do you expect your present efforts to be affected by proposed cuts in federal programs should they be carried out?

The CHAIRMAN. You may proceed, if you have additional opening statements.

Mr. ASHFORD. I will then leave the questions and go on to one conclusion, because if you want to, I saw your style here, and you were addressing the questions.

I had answers to them but, OK. You are right on target, that Mailgram that I received, I think, more succinctly outlined the urban plight than anything I have seen.

I have read a number of recent articles. Now, from the perspective of a community service-delivery executive, the problems again which you enunciated were right on target, but it is ironic that the Kerner Commission predicted those conditions with which we are definitely faced and that the cutbacks in the Federal programs which have been proposed show to me a great lack of judgment and a sense of priorities for the well-being of our Nation.

Likewise, if and when we adjust our priorities to take care of preparing our citizens to meet basic needs, we must do so in a serious well-planned manner and not piecemeal as we have done. Essentially, what I see happening now is a prelude to disaster and more confusion among us.

I ask everyone in this room just to ask themselves this question: How many societies have you seen in this world which have folded as a result of their citizens not being able to meet the basic necessities of life?

When you push people into hunger, nakedness, lack of shelter, lack of education and training, underemployment, unemployment, crime and other extremities, and when you push them in the context of us being a so-called prosperous society, how much longer can you expect for them to remain docile?

They see the inequities on a day-to-day basis, and I can guarantee you that if you were in the same position that you would come up fighting with every resource that you have.

It is really stupid for me to sit out there in Anacostia and see all of those things happen and to say what in the world are those people thinking about? They are not dealing with animals. They are dealing with thinking individuals.

You have given them so much and then taken it away, then tried to rationalize it, and give them so much, and I am fearful.

I saw the riots in the 1960's. That shocked me because I believed in peace and all that sort of thing. I won't be shocked if something were to happen right now.

I will close by saying I am not asking anybody to reinvent the wheel. What I am asking is to stop operating under those darn broken wheels. Every wheel that I have seen is broken with some type of inconsistency, either in the legislation or the intent or the resource, that we really don't get a job done.

I have not seen what I would call a very serious concerted effort yet. I will give you two examples of just what I am talking about.

In our title VI programs, which are public service employment, you ask in many instances local community organizations to apply for and receive so many participants. Let's take a small organization that might have six participants; they plan their program around it because they must present a proposal to CETA and what have you.

Yet, if that organization does its job well and the main part of the contract is to place that individual, train him and get him placed, yet if that organization trains and places that person then it is in jeopardy of really meeting its program because you can't get a replacement.

How many organizations do you expect are going to be out there trying to place those folks actively? What I see is a rush for trying to meet a quota of placement and all of them are trying to do it at the same time, around the end of the program, because they can't afford to lose that person.

Their programs are in jeopardy. As long as that money has been budgeted, it would appear to me, and if an organization does a good job in its placements, let's not penalize them for doing what you have asked them to do by affecting their programs.

When we take a look at CETA, title VI, you will find many youth employment programs that allow for training in building trades and what have you, yet they don't allow for any education. Most of those kids out there are not going to be reading more than the seventh or eighth grade level at best. You have got to have a GED to get into any building trades program; you have got to have a high school diploma.

What are we doing? We train these kids; they are not realistically trained, because in most instances the standards are not such that they can even compete when they get out. The standards are not such because the regulations don't even allow you to provide for such standards, and then what we end up doing is shifting that same group into another program.

I have seen so many people that have gone from one program to another to another, and I don't see a seriousness about training.

The standards that we set at Southeast House, I think, are very good. I think that overall, we are just a drop in the bucket. Overall, in this town, we need some standards with which all of us can deal, the type of standards that will allow for real training, not the Mickey Mouse stuff and the types of opportunities developed at the end of that training that are going to allow somebody to go somewhere.

I can't say to you today that Federal funding has done anything but provide a little Band-Aid, because the cycles of Federal funding that I see from welfare to everything else seem to be designed more for at least just putting a frosting on the problem for now and not resolving the problem.

I will stop at that and go to your questions.

The CHAIRMAN. Mr. Ashford, I thank you for your opening remarks.

We would appreciate it if you could get the amended version of your opening statement to us to be included in total in the record.

[The revised statement follows:]

1225 Maple View Place, S.E. Washington, D.C. 20020 (202) 675-7800
SOUTHEAST
HOUSE

Prepared Statement of Laplois Ashord, Executive Director, Southeast Neighborhood House

Mr. Chairman, members of the Committee on the District of Columbia, other officials present and interested citizens, thank you for inviting me to testify in these hearings which address urban centers, Washington, D.C. and the federal role.

My name is Laplois Ashford and I am the Executive Director of Southeast Neighborhood House, which is the oldest D.C. social service agency established to serve members of the then minority population. Southeast Neighborhood House, Inc. (formerly the Washington Welfare Association, Inc.) was founded in June of 1929 by Dr. Dorothy Boulding Ferebee as a center to provide recreational, cultural and day-care services to needy Black people in Southeast Washington.

In 1966 Southeast House moved from Capitol Hill across the Anacostia River to its present location in the Anacostia section of the District. Now approaching its fifty-second (52nd) year of service, Southeast House now provides comprehensive social service programs for residents of the Anacostia-Congress Heights areas of Far Southeast Washington. Operating at a current budget of approximately 2.2 million dollars, with seventy-six (76) full-time and forty-two (42) part-time staff members, current funding derives from three (3) principal sources: United Way of the National Capital Area (11%); United Planning Organization (22%); and various components of the D.C. Government (67%).

Mr. Chairman, I have made some changes to my written testimony this morning. After having an opportunity to hear testimony this morning as well as to digest that testimony and respond to some of the things which were said, I felt it necessary to make some revisions.

First, however, before I get into my testimony, I want to establish some perspectives relative to how I view the urban problems of Washington, D.C. My perspectives are based on experiences with urban problems both while serving as the National Youth Director of the NAACP, Executive Director of the Urban League(s) in Rochester, New York and Chicago, Illinois and as Vice President of the Urban Coalition. Thusly, I've had an opportunity to become familiar with a number of urban centers on more than a casual basis.

It was stated in earlier testimony that Washington is a beautiful city which does not have the severe and intense urban problems which some of the other larger cities have. I would agree that Washington is a beautiful city but only cosmetically. It is my experience that the same degree of severity of urban problems can be found in the District of Columbia. Things might look a little better but the problems are just as real. When we take a close look at the social demographics of the low-income and poor areas of the District, we can find the same severity of urban problems which exists in any area of this nation.

Secondly, I would like it to be understood that I did not come here today attempting to be an authority on the severity of urban problems. More importantly, it is my intention to attempt to relate to the seriousness of the problems which we face daily in an area like Anacostia and Far Southeast, and hopefully, to impress upon you the urgent need for addressing these problems in a constructive and comprehensive manner as opposed to the confused piecemeal approaches which we can observe from year to year based upon political and other considerations.

The lack of clear domestic policies around which to develop long-range social programs is a definite hinderance to those of us involved in social service delivery. In my opinion, the Chairman, Congressman Dellums, has been right on target in advocating for a domestic policy familiar to those in Canada and Sweden which establishes mechanisms and priorities for dealing with social problems and issues.

Before I respond to the five concerns as outlined in the letter which I received from Mr. Sylvester, it is important to me that I give you an assessment of how the people in the community which we serve feel about government in general -- D.C., federal, and otherwise.

First, I would be remiss in characterizing these feelings as less than utter frustration and hostility. Most of the organizations/institutions which provide services to citizens of Far Southeast Washington are "government" supported in one way or another. Much of what can and cannot be provided is directly connected with "government." It is a community which is highly dependent upon "government" for its basic survival (jobs, housing, food, etc.) and likewise, a community which actually experiences (rather than reads about items in newspapers) the results of the federal role in funding. Coupled with the widespread general attitude that

Anacostia and Far Southeast are generally considered last for the least, I am continually fearful of the violatile nature of community dynamics which are reminiscent of a St. Helena and can explode at any time.

There is a disillusionment with political and non-political leadership. Thusly, there appears to be a continuous search for local leadership which expresses political direction and values related to the needs of the community. Organizational/Institutional leadership are also sought which provide the direction as well as the resources which are needed. Therefore, an organization like Southeast House must repond, not only to mission statements or purposes, but to the day-to-day needs and frustrations of the citizens who are served. Our role is inherently difficult, and it becomes even more difficult in the absence of sound and coordinated federal domestic policies and programs.

From the perspective of one who directs a service-delivery agency which is enmeshed in the various levels of funding from the federal government, it is necessary (from my perspective) that I give a brief description of the federal role in funding local institutions and the effects of those funding mechanisms as they relate to day-to-day local organizational/instituional operations.

Community Action Programs include the mechanisms devised to provide funds and/or jobs within the community. An unsophisticated Black community initially received with open arms the jobs and temporary prosperity. However, the structure did not represent any long-term commitment either to individuals or to the community. In each of these areas programs were devised which encouraged maintenance at best and stagnation at worst. The programs for youth provided a start but did not provide upward mobility. When innovation programs were offered they were either ignored or underfunded.

There are several other issues involved which impact upon current attempts by the SENH to provide more than just adequate service:

A. Current rules and regulations do not provide adequate funding levels to develop higher level skill programs or to meet new needs.

B. While collaborative planning and efforts are encouraged, technical assistance to implement these efforts is available conditionally or not at all.

C. Funding levels don't allow for the retention of skilled personnel, for the introduction of new technology or for investment in training or retraining.

The main point which should be observed is that local organizations suffer from the confusion and lack of clear policies in all levels of federal funding. I will name only two reasons and they are as follows:

1. The Nature of the Federal Commitment -- Tentative at Best

A. Commitments assumed by the federal government in the mid-sixties as a result of pressures from the communities and racial minorities have now been dissipated. These commitments were apparently based on fears as well as on concerns of middle- and upper-class citizens that we should do what is necessary to ease the tensions caused by "those people." The commitment seemed equally as urgent to "give them what they want to shut them up" as much as any real concerns about their plight. Included in these commitments were political indicators; that is, "give them a piece of the pie."

As I remember, massive federal funding began with local initiatives. Later it was moved to state agencies, and even later, the federal structures through which these funds were funnelled was eliminated; that is, OEO.

B. Active leadership for community and racial minorities (primarily Black) was successfuly preempted; that is, made part and parcel of the structure which was doing the preempting. Yet as we observe other movements which have followed the same modus operandi (feminists rights, the handicapped, gays and even minorities of other races and the disenfranchised in other nations) there was the same type of peaceful, non-violent methods of persuasion of the consciences for recognition for causes some of which have become more skilled than the teachers.

The type of Black leadership which existed in the 60's has not as yet been reestablished. Essentially, it is because so many of those who were leaders are now in different positions of leadership which are more closely aligned with the status quo. I would not necessarily characterize that leadership as sell-outs or to pinpoint the fact that many of us who were civil rights activisits are now part and parcel of the "system" in varying degrees. Change from the inside has been less effective.

C. As we approach the 80's with the experiences of the 60's and 70's, and especially with some among us who are becoming a part of the "haves" as opposed to the "have nots", we find a castration of present leadership even though it might be sincere and dedicated.

Conclusion

The federal role appeared to be based more on the pressures than on commitments. The lack of similar pressures at this time, as well as the success of many domestic programs, has understandably brought confusion among those who were strong supporters as well as those who were doubters. Without the same levels of pressures or concerns among the middle- and upper-class citizens there appears to be a lack of commitment to sustain federally funded programs.

2. Changes of Priorities

A. In the absence of any concerted direction by either the citizenry or our national legislators, other political leaders such as those in the Executive Branch have devised their own mechanisms for change based on what they ascertained were the priorities or desires of the people.

B. During the Nixon-era there was a great deal of pressure perceived for substance abuse programs. Massive programs were embarked upon only to be cut-off when other priorities were perceived.

C. Concurrent with OEO funding and programs there were a number of model cities type programs. Massive programs were embarked upon only to be cut-off when other priorities were perceived. LEAA, educational legislative programs which provided pre-school education, and supplemental programs for the disadvantaged were among those initiatives.

3. Behavioral Theories

Concurrent with a number of changes in priorities, theories by social scientists were developed to justify or at least to try to qualify some government reactions to various social programs and problems -- Monihan's 'Benign Neglect', Jenson's 'Theories of Intelligence', Shockely's 'Racial Superiority', etc.

Conclusion

The changes of priorites are similar to articles which appeared in the "Gannett-Rochester" newspaper entitled "Winds of Change." Reasons were found to justify what those in authority wanted to do.

A further conclusion based on 1 and 2 of the above was the blatant evidence of the need for well-planned, consistent and realistic federal roles in funding and commitments of a long-term basis, similar to what we do with our military might and survival as opposed to a year-to-year seemingly whimsical approach to domestic problems and programs. This would allow for increased delivery based on the planning and coordination for levels of government and organizations which are involved in the federal role of the service delivery process.

I would now like to take this opportunity to address the questions which were listed in Mr. Sylvester's letter of June 19th:

1. What has been the experience of your agency in its efforts to secure federal monies and resources for use against widespread community problems? Would you say that the government has been highly responsive; moderately so; only nominally; or not at all responsive?

The D.C. Government has been highly responsive. Certain federal funds, however, are monopolized by established agencies with long-standing ties and/or arrangements. For example, CSA funds in the District of Columbia, with few exceptions, are controlled by the United Planning Organization. Therefore, agencies such as the Southeast House (which is included as part of the UPO family) never really have the opportunity to show their wares and to deal competitively. Please note that this is not to question the very good relationship which Southeast House has with UPO, it is only to bring attention to the need for competitiveness if one is to be the most imaginative in considering new needs and priorities.

Likewise, this is not to contradict my concern for the urgency of some type of long-range planning whereby the recipient agency can plan a program which is not directly tied to year-to-year funding which is tenuous because of political and other changes which might occur. Room should be allowed for competition. The same applies to special interest funds; that is, substance abuse, environment, public health, etc.

2. Are the federal government's responses to your requests for aid usually proportionate to the size of the problems you are dealing with? (If not), is what you usually get only slightly less than what is needed; approximately half of what is needed; or vastly less than what is needed? For example - - -

? ? ? ? It is most difficult for an agency which is a community service delivery agency to break the patterns of funding and to be considered among those acceptable for federal funding of any substantial matter. The established "war-horses" or "ponies" receive priority for consideration.

3. In the order of their seriousness and the urgency of the need to solve them, what are the major problems you see in your community and are trying to deal with?

I cannot answer this. How can one who works with problems of hunger, nakedness, lack of shelter, unemployment, juvenile delinquency, underemployment, educational and training needs, the elderly, and so forth, determine which is the most serious? They are all interlocking in relation to the viable functioning of a community.

4. There any very serious problems in your community which your agency has not been able to appreciably deal with at all because it lacks sufficient resources? If so, what are these?

All of the above as stated in answer to Question #3.

5. How do you expect your present efforts to be affected by proposed cuts in federal programs should they be carried out?

As stated above in this presentation, the residents of the community which Southeast House serves are not the types of people who just read about the federal funding of social programs as opposed to feeling them because it directly affects their lives.

In effect, the lack of federal policy coupled with cuts in federal programs (those which deal directly or indirectly with our community through the District of Columbia government) results in a great deal more pressure and time requirements by already overworked members of our staff to at least maintain flickers of hope that the problems can and will be resolved.

Conclusion

The mailgram which I received under Congressman Dellums' signature explicitly points out the problems before us. I would only be repeating what he has said if I tried to elaborate. My feelings are that he was more eloquent in stating the problem.

From the perspective ofa community service delivery agency, the problems which Congressman Dellums elucidated make it very much more difficult for a community service delivery agency to perform because of the limitations of the degrees to which local remedies, alternatives, and dwindling resources are affected. An appropriate federal role would demand greater responsiveness to the needs of the communtiy as opposed to what community residents such as those in Anacostia might perceive as responses to political changes, or whatever may be in the air at a given point in time.

It is ironic that the Kerner Commission predicted the conditions and experiences with which we are very definitely faced. The cut-backs in federal programs which have been proposed show a great lack of judgment in a sense of priorities for the well-being of our nation. Likewise, if and when we adjust our priorities to take care of preparing our citizens to meet basic needs we must do so in a serious well-planned manner and not piecemeal as we have done.

Essentially, what is happening now is a prelude to disaster and more confusion among us. Just ask yourself this question: "How many societies have folded as a result of their citizens not being able to meet the basic necessities of life?" When you push people into hunger, nakedness, lack of shelter, lack of education and training, unemployment, underemployment, crime and other extermities in a so-called prosperous society, how in the world can you expect them to remain docile? I can guarantee that if you were forced into the same position, you would come up fighting with whatever resources you have available to you.

In closing, when we see a great deal of game-playing (which is how it has been characterized by community-level people) such as temporary assignments to meet EEOC requirements, employment and training programs that seem not to care about the individuals but bodies, urban redevelopment programs which remove people from areas from which they have grown up and will never have the opportunity to become a part of that community again, it scares me.

In the 60's as an officer of the NAACP and an ardent non-violent civil rights activist, I was shocked by the violence which I experienced in New York City and Rochester, New York where I grew up. Now I am even more concerned that what we have experienced was only a prelude to what we could experience if we don't stop playing these nasty games with people's lives.

Thank you for this opportunity to add my inputs.

The **Chairman**. You have answered a number of our very specific questions. We are under some time constraints, but I would like to engage in a few questions.

Before I do, I would like to comment to one of the statements you made, and that is, how can we get people to hear us.

COMMITTEE'S OBJECTIVES

These hearings are in some ways our effort to scream but there are not many people listening. There are very few people in the audience and very few members of the press.

That is because we are screaming before backs are up against the wall, and we are saying to people, all the symptoms are there, all the factors are there, and as you pointed out, there is the potential for urban, Mount St. Helens all over this country.

I am trying to use this committee to point to the fact that Washington, D.C., is a major city and while it is the Capital of the United States, behind the monuments there is a human dimension here that is absolutely incredible, that a way of life here is extraordinary for many people.

Washington, D.C., reflects the reality of urban America and the cities of America reflect where this country is going in general. The unfortunate and frustrating thing for me is how you make people hear.

My colleagues are interested in balancing the budget, not solving the human problems of this country.

My colleagues are committed to going home to get re-elected over and over again, and if getting re-elected means balancing the budget on the backs of human beings, engaging in debate devoid of any human sensitivity, then so be it.

I believe that a society answers the questions that it asks, and at this moment in time this tiny little committee and you and I are trying to ask some very significant human questions about this country; it is asking how can we build bigger missiles; how can we frighten the hell out of the Soviet Union; how can we draft our kids or placate the taxpayers.

How can we balance the budget, not how do we live together as human beings in peace. How do we live together in the cities that are rapidly becoming monuments to our madness rather than our genius and sensitivity.

I share your very same frustration, but here is our effort to try to at least say, here is a podium; a young man yesterday, a witness said, "With all due respect, these hearings probably will come to naught", and I agreed with him.

But within that context, my belief is seriously that we have a responsibility when they record history, that somewhere at some moment in time, in some tiny little place in some room on this Hill, we try to say to our colleagues and to America: "All hell is about to break loose in this country because we are dealing with the human problems of Washington, D.C., and the cities of this country."

If America chooses to ignore that within the framework of our political system, so be it; but at least we have tried to say to this country, there is an alternative. Here are the problems; here are potential solutions to those problems, and here is the possible cost of going down that road and here are the potential dangers and potential costs of continuing to ignore these problems.

Miami was a classic case in point.

Mr. ASHFORD. Yes.

The CHAIRMAN. A few brief questions:

HOSTILITY TO GOVERNMENT

You mentioned in your testimony that members of the community that you serve view every level of Government with hostility. How does that hostility manifest itself from your vantage point?

Mr. ASHFORD. Well, we are a nonprofit, private agency, and although we administer many Government programs we keep a distance in terms of our role and our perception. We make very sure that we appear as an advocate of the community wishes and the directors of our board, and we have many advisory committees and young adult councils.

It is a matter of their involvement with us, our stances that we take, community meetings, testimony at the D.C. City Council, and other things that we do in the community. We are perceived as a friend as opposed to a government.

The CHAIRMAN. How is the community you serve, in other words, how do you know that people in the community view the Government with hostility? In some kind of way you learn about that? How is it manifested?

Mr. ASHFORD. From community meetings, the types of protests that are mounted down there. Many times the protests don't get across the river. That is a rather isolated part of our community; they don't get across the river.

The types of little tabloids that are circulating; if you attend a welfare or go to Barry Farms where most of the people are on welfare and attend community meetings there, it seems like every meeting is against in some way something the Government is doing.

For example, there is a feeling out in Anacostia that they are the last for the least. We try to encourage them; hey, show up at those polls more. That is a nonvoting area. They don't turn out too well, yet they are intimidated with a large number of people on welfare and public housing.

I have seen so many, their parents who have come to us for help when they are in trouble but their kid was caught smoking pot, and so the housing authority is going to evict the whole family, what have you. There is a lot of fear and intimidation by Government and their lifeline depends on Government.

POTENTIAL FOR EXPLOSION

The **CHAIRMAN**. Is it your testimony that the explosion that Washington D.C. experienced in the sixites, that the potential is there for that to reoccur?

Mr. **ASHFORD**. Definitely; much more than perhaps before, because one of the things that has happened is that the folks have gotten a little more sophisticated.

For instance, I attended several community meetings in and around the time the riots were going on in Miami, and there was sort of like clapping. I see that they didn't knock out the mom and pop stores. They didn't knock out our businesses. They got those folks who were abusing us; it is going to be more directed the next time, and even among the young people there is talk about who are we going to get if and when things come to that.

There is a liquor store that is half a block away from us; I fear what is going to happen to them if and when it comes, because they are hated. It is not a community-owned thing and they have been accused of abuses, and there are a couple other businesses that are not a part of the community where the community feels it has abused them.

It won't hire them; it would be a more pointed thing.

The **CHAIRMAN**. Yesterday we had a witness, specifically a justice of the peace from Houston, speaking to the issue of police community relations in Houston and other cities.

Can you comment as to how the criminal justice system is viewed through the eyes of people in Anacostia?

Mr. **ASHFORD**. I would say that here—

The **CHAIRMAN**. To add one point, in Houston, yesterday the gentleman was talking about all white police force, all white juries, all white judges, and in Washington we have a number of black police officers, juries tend to have substantial numbers of blacks, and we have a relatively significant number of black judges in the process.

Mr. **ASHFORD**. I don't feel the hostility as intense as like in Chicago, or Rochester, or New York City. Yet I don't feel what could be called the Miami-Houston example of excluding one from a process involving a jury of ones peers is what you have here.

We are in juvenile division restitution programs where I have seen very human treatment by the courts in the restitution and other areas to keep them out of incarceration, and the perception is that I have from parents as well as some of those who are involved in those programs who have to pay people back that might have picked a pocketbook or something, hey, at least we can be given a chance.

Although the relationships are strained, it is not one of injustice. It is two sides of the fence.

HOUSING

The **Chairman**. How does the issue of affordable housing manifest itself in Anacostia? I mentioned earlier today at one point the rule of thumb was no more than 25 percent of one's income, a family's income went to housing. Now, it is up around 25 and 35, close to 35 percent. In some homes it may be as high as 50 percent.

Mr. **Ashford**. I would say on an average it is probably higher. For instance, welfare recipients, I know some who are getting $262 a month with two kids who have to pay $147 a month for a one-bedroom apartment.

Then they get some food stamps and what they have is the housing takes up the major part of the budget, and right now at the end of the month our staff is bringing truckloads of food in every day for distribution because people are out of food. This happens every month.

Now, Friday, when is the first, they call that Mother's Day for the welfare child, but we won't have those kinds of visits until around the 15th of the month again.

The **Chairman**. Over 50 percent; when you factor in food stamps, I guess, well over 35 percent, 45 percent of people's income going——

Mr. **Ashford**. I don't have a specific percentage, but it is well over, I would say, 50 percent, where the welfare is concerned, and when you take a look at the many senior citizens who are on fixed incomes and our senior citizens program, I can give you several examples of where their check is $240 a month, between $240 and $250, and they are paying $160, $185 for their rent.

I don't know how they get along; you see, every day that we serve lunches, we serve about 620 people on an average daily basis in several locations east of the river. There are people, even when they are sick, are going to come out and get those lunches, and they wait around for stuff to carry home so they have snacks. We will be opening a weekend program because we don't know what they do over the weekends, because they eat 5 days a week and they have provisions to call us if they can't get out and we will deliver at home. But some of those that get the home-bound meals said that is not enough, because they get snacks and some people don't want their apples or bananas or what have you, and there are some that take these things home every day.

YOUTH EMPLOYMENT

The **Chairman**. I just have one final question.

When you look at the national data on youth employment programs, two things manifest themselves:

One: Very little training takes place because we have established a national approach to manpower that speaks to the gathering of numbers rather than a meaningful intervention into people's lives with respect to training and employment, so we have traded off the figures so we say this year we served *x* hundred thousand people and so that manifests itself.

I would like you to comment with respect to your experience and the amount of training and the significance of that training in moving young people into employment.

Two: When you look at the national data, it indicates that the overwhelming majority of the resources for youth employment are spent on school youth, when the pictures in the newspaper, the articles in the magazines, the TV shots are of young people out of school.

Some of them are dropouts. Many of them either graduated from high school or who are out of school by virtue of being a drop-out, yet a microscopic percentage of our Federal approach to dealing with the problems of youth employment actually serve the out-of-school youth, and we are really serving inschool young people rather than the young people that we write about as the potential social dichotomy because they have no place to go.

Could you comment to those two observations from your vantage point serving the Anacostia community?

Mr. ASHFORD. I will look at it more from a local perspective. I see very little training going on in the District, real meaningful training.

Second, I would agree with you that what we are doing is we are playing chess with bodies. You can have, say, a building trades program and what you get in terms of a referral or say the employment system refers youth to that program, there is no kind of match-up with interest profiles or abilities or what have you.

It is like here we got a job for you and you go there, and that is your job, and I can only surmise that that is one of the reasons why so many of these youth are not going down there to take those jobs that are offered to them, because I think that if you are going to really provide something that is meaningful, it has got to be something that they would want to do or at least give them some type of choice.

They are just sent, and you will notice that here in the District not many have gone to claim those jobs that have been offered to them.

More than likely, a week from now they will be called and offered something else, so sometimes they have a wait-and-see attitude. The predominance of programs, again, as you mentioned, are for the inschool youths, and those that are 16 to 21, and you find many 20- and 21-year-olds still in school here in the District.

Yet if you are not in school it is extremely difficult. We can enroll you and we do, but the concentration is not there. That is not where the major problem is.

I think it is those that are standing on the street corners.

The CHAIRMAN. Mr. Ashford, I would like to thank you very much for your contributions to these proceedings, and we deeply appreciate your taking time out from your schedule to participate, and we apologize again for any inconvenience.

Mr. ASHFORD. Thank you very much.

The CHAIRMAN. Thank you.

Our next witness this afternoon is Dr. Richard Nathan, of Woodrow Wilson School, Princeton University, and senior fellow, Brookings Institution, Washington, D.C.

Dr. Nathan is a nationally renowned author of numerous studies of U.S. public policy, including publications on general revenue-sharing. We would like to welcome you and thank you for coming before our committee, and we thank you very much for waiting.

As I understand it, you are going to submit a written response for the record later. Without objection, so ordered. You may proceed.

STATEMENT OF DR. RICHARD P. NATHAN, PRINCETON UNIVERSITY, AND SENIOR FELLOW, BROOKINGS INSTITUTION

Dr. NATHAN. Thank you very much. I thought what I would do today is talk about three subjects that are considered in the research that we are doing at Princeton University, and which I was doing at the Brookings Institution, that are relevant to the subjects of interest to your committee.

The three subjects I am going to cover are, first of all, what is happening to cities—what can we say about the conditions of cities and the country as a whole.

The second subject I want to talk about today is what is happening to Federal grants-in-aid to cities; what is Federal policy doing in respect to urban needs.

And the third subject that I want to talk about is strategies for the future, what kind of ideas would I offer—these are personal reflections—on ways in which Federal policy could deal with the conditions that I will discuss.

URBAN CONDITIONS INDEX

On the first subject—what about the urban conditions of our Nation—when I was on the staff of the Brookings Institution, we observed that there are many people who are experts on one city. They know a lot about Chicago; they know a lot about New York; they know a lot about Detroit, but the problem is, this is, of course, a very big country, and there is a very complex set of relationships and issues and conditions that one needs to consider when one thinks about the Nation's urban condition.

And so, in what I would have to admit was a very crude and preliminary piece of research, we developed something at Brookings which we called the urban conditions index which took six statistical factors having to do with unemployment, poverty, the condition of housing, six social and economic factors about the conditions of our communities, and we combined them into an index that we could use to compare cities. How does Houston compare to Detroit, Boston to Cleveland, and the generalization that we would make from what we call our urban conditions index is that the United States doesn't have today what you could call a national urban crisis.

What we have is a situation in which some cities, older declining cities, older industrial cities, cities often with a high proportion of minorities and of older and very young persons, cities with these conditions have what our data shows are urban crisis conditions.

So to repeat the general theme, the United States does not have a national urban crisis, but some cities, older declining cities with high proportions of needy citizens, have urban crisis conditions—Detroit, and Newark, and St. Louis, and Cleveland, and Buffalo, and Camden, and Chester, Pa., among smaller cities; and some southern cities as well—Atlanta and Birmingham, for example—higher up on this list, but not as high as the first group I mentioned.

So I have, and I will leave for the committee, some data we have developed that shows in a general way how to make this observation that you can use, I think, to compare the conditions of the cities to understand that cities are different, and urban needs have to be understood in a way that recognizes the special, deep and severe problems of particular cities and things about the conditions of those cities.

The CHAIRMAN. Without objection, we will make that part of the permanent record.

[The material referred to appears on p. 858.]

Dr. NATHAN. Thank you very much.

The second subject I would like to talk about under the heading of urban conditions is that we read a lot, and I am often asked to debate with people, about gentrification and urban reinvestment, and how cities are coming back. There are many articles in the newspaper where people go out and look at what we in our research have been calling pockets of plenty and what in a story in a newspaper recently I referred to, maybe a little too frivolously, as bourgeoisification, but there are many cities in this country where indeed there are exciting, often visited, new centers of commercial, industrial, and residential development.

Detroit has its Renaissance Center, and in the paper I will leave for the committee, we mention many other places in some of the older cities' neighborhoods that are doing better.

LACK OF EVIDENCE OF ABATEMENT OF DISTRESS IN CITIES

But the point that comes out of our analysis in the paper that I will leave for the committee to consider and use—it is a very long paper, but you could use it however you wanted in the testimony—the point that comes out of our analysis is that when you look at whole cities, and when you look at all the data that we can bring to bear to answer the question—are urban conditions getting better in the cities with urban problems—we do not yet see from any data that we can work with that the kinds of developments which, yes, are favorable, and, yes, are encouraging; that those developments have affected whole cities.

So we have to conclude that the cities with the most serious problems in the United States, at least on the basis of the statistical evidence, comparative evidence, evidence that affects whole cities, on the basis of the statistics that we can use to present our findings to this committee, we can see no general indications of urban improvement and revitalization in the older and more distressed cities, and when we look closely at particular cities that some people say indeed are breaking out of the older, declining and distress patterns—Boston and Baltimore, and perhaps even Chicago—when we look at those cities and all of the data that we have for those cities, we do not see evidence of urban revitalization on a citywide basis.

And indeed that has a lot to do with the testimony you just heard about parts of cities that people don't visit, about the south side, and in Chicago the west side, about north St. Louis and east Cleveland, and cities that we have worked in and visited.

So, to sum up, the cities in trouble are not all cities but are some cities, and while I would like to find evidence that in some of these cities those conditions of social and economic distress are abating, we don't have evidence to bring to you today, although we will be studying the 1980 census data, to indicate that that is at least our analysis of the current situation.

FEDERAL GRANTS-IN-AID

The second subject that I want to cover in my allotted time is what is happening to Federal grants-in-aid. To do this briefly, I will make two initial points. First of all, in the post-war period in the United States, one thing that has to be noted is that there has been a tremendous growth in the amount of money which the Federal Government provides to State and local governments to deal with their domestic conditions and needs.

As you commented, and many others have commented, that growth is now plateauing, but indeed it has been a very impressive growth.

The second point that I would make about Federal grants and what has been happening to Federal grants isn't as well known, and in my view is very important, and that is more and more Federal grants today go directly from Washington to the cities. It used to be 20 years ago that most Federal grant funds went to the States, and the cities indeed weren't involved with Washington.

Today, Federal grants-in-aid are big-ticket items in the budgets of every city, not just the cities with the problems, but every city, every local government in the nation.

The way I calculate, half of all Federal grants-in-aid that are for other than welfare, AFDC and Medicaid purposes, half of all Federal aids for nonwelfare purposes today go from Washington to local governments. There has been a tremendous little-noticed change. Federal grants-in-aid, in short, as I mentioned earlier, are now big-ticket items in city hall, and every city budget official knows his Washington acronyms, CETA and UMTA, and PSE, and ARFAA. Incidentally, ARFAA is the Anti-Recession and Fiscal Assistance Act, and if it had been called the budgetary antirecession and fiscal assistance act, it would have had the best acronym of all, but, anyway, on to the next.

FEDERAL POLICY RE URBAN NEEDS

What has been happening to urban policy in the current period and particularly going back in this 4 years under the Carter administration? Not very well known is the fact that when the Carter administration came to office in 1977, they had something that I would call a real urban policy. In Washington, of course, it was known as ESP, the Economic Stimulus Package. President Carter was voted $13½ billion in his early months in office, half of it for jobs, a quarter of it for local public works, and a quarter of it for our friend, the ARFAA program. Those were big bucks; they were paid out rapidly, with the exception of the public works money, which pays out more slowly, but even that money is now mostly being spent.

The stimulus package consisted of $13½ billion, of that amount $10 billion went directly to local governments, and indeed that accentuated the trend toward more Federal aid to cities, which is now part of our fiscal landscape.

And indeed in 1977, the new speak-word of urban policy first came to, I think, national attention, the new code word for how to think about cities and Federal grants, which is targeting. A target used to be just a noun, something you shoot at with a bow and arrow, or some other kind of weapon, but now targeting is a verb and targeting refers to the ability of government, or the way in which the national government concentrates Federal grants funds on the places that, as I indicated earlier, have the most serious needs: Detroit, St. Louis, Cleveland, Buffalo, Newark, Camden, Chester, Pa.—conditions of the cities in the United States that face social and economic distress conditions.

Now, the important thing about the stimulus program is that just about a year later the Carter administration proposed what it called an urban program, but what never materialized as an urban program. In March of 1978, the administration marched up the hill with a $13.6 billion program—coincidentally, roughly the same amount as the stimulus package—but it marched up the hill, and the response to the urban policy was downhill from the time it got here.

Two things happened to that urban policy. One is, the more prominent idea of targeting was made, the more other groups came in and said target to us, target to the declining rural areas, target to the growth areas, target to the suburban communities faced with inflation and higher construction costs. Indeed, the administration's urban policy, announced so boldly, opened a Pandora's box of claims and caused a great deal of debate and, I think, friction.

But something else happened besides the debate on what urban policy should be, and that was the enactment in California, just a few months after the program was submitted, of Proposition 13, and it doesn't do any good to go into a recitation of the fact that now budgetary retrenchment and cutting is the mood of the day, and the urban program is forgotten. It is not mentioned in any documents of the administration. You can't find a reference to it, and the targeting idea has gone underground and only become, to the extent it is aboveground, the source of much friction between the sun belt and the frost belt.

That is not a pretty picture, Mr. Chairman. That is to say, the cities with problems still have problems. Grants are now going down; inflation is going up; and our ability to target grants on the cities that have the most severe needs, it seems to me, has diminished, because the biggest cuts, I regret to tell you, in the budget, as I read the current situation, are in the best targeted programs in terms of urban and social need in rural and urban places in the country.

So I come to you with a situation that emerges out of our research, which is not a very pretty picture or happy situation.

OPTIONS FOR FUTURE FEDERAL POLICY

So now I will turn briefly—I think I have about—my watch says five minutes more to make 20 minutes as a full amount of time for the statement. I turn now to the third subject, and I will talk briefly about what I think—this is my personal view of the matter—what I think are some of the options for people who care about these conditions, who care about the fact that distress indeed is concentrated, it is not all in the North and the big West. There are cities in the South that indeed are older industrial cities, with the impaction of the poor and high proportions of low income citizens, particularly low income minority citizens that look in many ways like Cleveland or like St. Louis, and indeed there are cities in the Midwest—Columbus is one, I think; Indianapolis should be mentioned—that look more like the newer cities of the Southwest and the West.

So it isn't just the sun belt, frost belt; it is really a matter of where are the problems in terms of the impaction, of human need as measured in the best ways that we can with the kinds of data and analytical tools that in our work we have been using.

Now, as I said, let me speak briefly about some ideas, and you know, on the cigarette pack there is a warning, be careful, this can be dangerous to your health. My favorite philosophy is H. L. Mencken, and Mencken once said, for every human problem there is a solution which is simple, neat and wrong. So while I will use now 4 minutes to say something about solutions, I don't want to give the impression that these are easy questions to deal with.

The CHAIRMAN. Would the gentleman suspend for a moment?

Dr. NATHAN. Sure.

The CHAIRMAN. I am enthusiastic about your testimony. You certainly can go beyond your 4 minutes if you have something further to say that is substantive. I have all the time in the world.

Dr. NATHAN. Well, that is a very dangerous thing to say to a professor.

The CHAIRMAN. Put some limit on it, then.

Dr. NATHAN. Knowing how useful the two witnesses behind me will be to your committee, I will use both the invitation and some restraint.

Let me now speak a little bit about, as I said, what kinds of ideas, what kind of strategies should we consider, can we consider, under the conditions described in my remarks.

The first thing I want to say is that, as I look at other countries, and indeed I want to do some research on the way other countries allocate domestic moneys, domestic funds, I think that the whole idea of targeting is central to our domestic policymaking, and yet the word, particularly as it came up and as it was associated with the administration's urban program which was not a success, has now fallen into, I think, bad repute. And, therefore, I would say that I think the targeting idea is fundamental, but I wish we could use a different word, and I will propose a different word.

FORMULA FOR TARGETING FUNDS

To me in these times of a much more conservative period than any I have lived in—I am 44 years old, Mr. Chairman—in these conservative times it seems to me that the word that would best characterize what maybe could win support for dealing with our Nation's urban needs is efficiency solutions. That is to say, you can spend less money to deal with domestic needs if we would concentrate the funds on the places that have the deepest needs.

You can spend less and get more, which it seems to me might appeal also to fiscal conservatives, if you would concentrate funding formulas, and now the name of the game of domestic policy increasingly is formulas.

When I first came to Washington, I was an aide to a Member of Congress, and when you changed a formula, nobody knew what you were doing. Only one or two wizened old committee hands sitting in the back of the room who never came out to see the daylight knew what was really happening when you changed the formula. But today, every time you vote on a formula—and there are more formulas—every Member has a printout—how much is my district going to get; how much is my city going to get; how much is the city next door going to get; how much is the district next to mine going to get.

Formulas are the name of the game in domestic policy, and I think on a first level that I want to talk about, we have got to continue to try and educate people to think about formulas which are efficient but politically astute in terms of dealing with the distress which is much more serious in some places than in others, and which we have as a nation a responsibility to think about, and worry about.

That is what urban policy is really to me all about. And I testified last month before the Senate Finance Committee, and proposed to Senator Bradley and several members of the Senate Finance Committee an efficient program, if you want to call it that, a formula for targeting funds on distressed places that I hope could be considered, and Senator Bradley, I know, is interested in this as an adjunct to revenue-sharing.

I would even make the radical proposal, Mr. Chairman, if the headline in the newspaper today is right, that we are going to consider in this Congress a $36 billion tax cut. Why don't you propose that 10 percent of this money be put into something called the communities' improvement fund, a fund that would deal with the human and social and economic needs of the places in this country that are worse off and adversely affected by this recession. Ten percent would be $3.6 billion—I am a mathematical wizard—of $36 billion, which is what the New York Times this morning said Governor Reagan now proposes, and it is a 1-year tax cut, by the way.

If the administration has been one-upped, and there is going to be talk of a tax cut this year, I think either in connection with a tax-cutting or in connection with revenue-sharing, people who care about public sector needs in distressed places where, as your previous witness indicated, the problems are such that indeed people are extremely upset and rightly so, about disparities in living conditions, of different groups in different areas of the nation, that this kind of a strategy should be applied not in some great trumpeted program that is announced at the White House, but every time you get a crack at it. Every time something comes up where your votes are needed, why don't you try to get some portion—I think there is a universal law of targeting in the world, or efficiency formulas, and that is if you include places that include one third of the Nation's population, you can begin to get a political coalition together that will work.

COMMUNITIES' IMPROVEMENT FUND

Our formula that I mentioned that I presented to Senator Bradley used UDAG eligibility and rural poverty and identified places that would have been eligible in a way that was very simple, very straightforward, and everybody would be familiar with it, and my sense of the politics of it is that it was a pretty reasonable approach to relating need to the kind of constituency consideration that goes into making formulas.

But, anyway, you can't get away from formulas. We should talk about efficiency, and every time you get a chance, I think that some way should be found to latch onto revenue-sharing, to latch onto tax cuts, something called—whatever you want—communities' improvement fund is not a bad name, maybe funds.

Second of all, and this is the final subject on strategy, again, the question of what do you spend money for is not so much a question of getting all the brightest people from Brookings Institution to come and tell you what is most seriously an area of need. What we have to think in terms of, I believe, is that policy is made according to what people feel at a given time. If you want to spend money for new sewers, if you want to spend money for waterworks, if you want to spend money for getting the private sector involved—that is the new-slice bread of urban policy; get the private sector to do it—if you want to spend money for mass transportation because of higher energy cost, if you want to spend money for community development, whatever it is, it seems to me that the question of recognizing that some places have more severe needs and more limited capacity is something that we should take into account on every program, and you can't do it with press releases and lots of hoopla.

You can only do it by having well-staffed caucuses of people who know if you put more sewer money into refurbishing older sewers, you help distressed communities more than if you put the money into building new sewer lines and new water treatment plants, as we have been doing.

So there are a lot of issues, and in every program the way you define the need or the area, whatever area people feel is a matter of concern, can be done in a way if people are smart about the issue and the formula that will take into account the fact, as I started my testimony, that some of our nation's older declining cities with high proportions of disadvantaged and particularly disadvantaged minority citizens have urban crisis conditions.

I have to end on this note. This is a real note, Mr. Chairman. I wrote a book on revenue-sharing, as you said, and after I wrote the book, a woman—I won't identify her by name, because this is maybe slanderous to read her letter, but years and years ago she was president of the Saratoga, Fla., League of Women Voters, and she wrote: "Can you send me information about revenue-sharing?" And I was very proud of my new book; it was actually my first Brookings book, and I had a little extra money in those days, so I sent her the book.

She wrote: "Thank you very much for the material you sent me on revenue-sharing. I am still baffled but on a higher plane." That is my small contribution.

The **Chairman**. Dr. Nathan, I would like to thank you very much for your presentation.

NO NATIONAL URBAN CRISIS

To summarize, you are saying that the study you did using the instruments that Brookings Institution developed indicates that there is no national urban crisis?

Dr. **Nathan**. Correct.

CRISES IN SOME CITIES

The **Chairman**. That there are a number of cities in this country that are experiencing an urban crisis and these tend to be the older, industrialized cities of the Nation?

Dr. **Nathan**. Absolutely right.

The **Chairman**. And that within some of these cities there are communities, as the gentleman from Anacostia spoke of, that have a greater crisis than other areas of the cities?

Dr. **Nathan**. That is absolutely right, and that is why it isn't enough to go and look at Watertower Square, if that is what they call it in Chicago, or go to Ghiradelli Square, or to go to Renaissance Center, or Faneuil Hall in Boston and say isn't this a beautiful city.

The city for the tourist is often beautiful, but those older cities, Philadelphia, for instance, Society Hill is one of my favorite places. It is close to Princeton, and I often go there, but north central Philadelphia, where I don't often go, but I do visit there, is a very large and distressed area, very compactly settled, unlike some of the distressed areas in the cities that had the biggest riots.

Those parts of the city which people don't know are parts of cities which contain large number of the people left behind, and the people left behind who can't so easily move to the suburbs or to the Southwest, now that we have air conditioning everywhere in this land, and I think air conditioning had a lot more to do with demographic trends than people give it credit for, and those people left behind are often old, and they are often minority citizens, and that is a condition that is—the whole history of our country, really, is wrestling with that condition.

I was a member of the staff; I was actually associate director of the staff of what in the old days we called the Kerner Commission, the Civil Disorders Commission, and I have worked on these issues for a long time, and I wouldn't want to testify here and not say indeed we have made progress. I mean, is the bottle half full or half empty?

There has been progress. There are many people who have gotten out, many people who have found that affirmative action works, many people who found that opportunities are opening up. But the problem isn't solved. And just because we are now worried about high-cost energy, inflation and a change in international order for our economies, doesn't change the fact that north central Philadelphia, where people don't go, and lots of places like it, West Side in Chicago, are places in this country where a lot of people who can't move so easily face very serious problems that we deal with, but national urban policy really should be about recognizing that the problems are worse there, deeper there, than they are in the newer cities built after the automobile so they are not so isolated in their boundaries.

I think the best way to be a good city in America is to have "San" as the first three letters of your name, like San Diego is a very nice city, and other San-cities in this country. But the newer cities in the West and South and indeed some newer cities like Kansas City in the Midwest, don't have the conditions that are as defined by boundaries.

You have to recognize that it is the boundaries of the old cities that cause them to be jurisdictionally places that have very high proportions of problem areas and very little newer area so they can spread the economic burdens of providing public service. In the South and in the West, in the cities that were developed after the automobile, when you want to have a new housing development, you have to annex the territory, and the cities grow and the fiscal base of the city grows, but the cities that didn't grow—Newark surrounded by Essex County, and Baltimore surrounded by Baltimore County, and Cleveland, which is overlaid by Cuyahoga County—in those outside county areas there are much better-off communities, and those disparities are one of the factors at the root of this problem.

The CHAIRMAN. Given your latter comments with respect to boundaries, then would you agree with me that rather than talking about an urban policy, that we ought to be talking about the development and evolution of an urban/suburban policy?

Dr. NATHAN. Maybe I have been in Washington too long, or been working on these issues too long, but my feeling is that a lot of people say, well, the problem really is the old isolated core city, and what we need is metropolitan governments and regionalization, and to change the boundaries so that the fiscal or financial basin, you might say, for funding the services that are provided in a particular core city is larger and stronger.

Intellectually, that is very appealing. Oh, yes, if we could only put Newark and Essex County together, but, as a person who has watched these issues develop now over 20 years, I think the stubbornness and most intractable issue in American urban policy often is boundaries, and the resistance to regional government. A-95 is a joke, and most of these regional arrangements that the Federal Government forces on local governments are just not paid attention to, and so if we could change boundaries the way the European countries do—many of them are able to do this—but you have to remember that the European countries have a much more homogeneous population, and it is much easier to deal with boundary issues, and, indeed, the issues that are involved when you deal with the differences that are so fundamental to American urban policy dilemmas.

URBAN BLIGHT

So my view is that we should concentrate on three ways of dealing with urban blight in America. One is to give money to people, a welfare strategy. I regret that, and I could say why.

No. 2 is change the boundaries. I just don't think we are going to get very far in the very near term doing that, and third is to say OK, these governments that are saddled with the most serious problems ought to get more help, and if you just give us 10 percent, give us 5; I mean, if you could really target $1.8 billion, you could make a big difference, I mean, if it was really set up in a way that worked something like that plan I described a minute ago that we proposed to Senator Bradley, it would be really big. Five percent, 2½ percent, would be really big.

The CHAIRMAN. The major thrust of my question with respect to urban/suburban policy was not to go directly to the question of changing boundaries or necessarily regional government, but simply the notion that in planning to deal with the problems of the city that that cannot be done in isolation of the reality of the suburbs as well, because one plays upon the other.

Dr. NATHAN. Absolutely. I took the opportunity to make a point that went beyond your question, and I quite agree, and indeed one of the things I want to study with the new census data which may eventually be available, like in two or three years, is what is happening to some of these older suburbs. There are older suburbs in this country that are beginning to look like some of our older cities. I could name some. All of these places I talked about today I have visited, and so, absolutely, it is important to understand what is happening in our urban conditions, not just to the old and distressed core cities, but to some of the communities abutting.

All around the southern part of Chicago, as Bill Cannon may want to talk about, is a whole ring of very poor suburban, what we would call in statistical terms, suburban communities, but they really are not. Chester, Pa., is my favorite. That is a south-lying suburb of Philadelphia, and one of the most distressed small communities I have ever been in.

The CHAIRMAN. I wanted to ask a couple other questions. To go back to your original statement that there is no national crisis, how do we handle the notion that is commonly believed by many of us that there are issues that have become national that manifest themselves in the urban milieu, housing, youth unemployment? How did your study deal with those kinds of questions, that even though there may well be cities that fall outside of the category of older cities with crises, there may very well be newer cities not defined as crisis-oriented, but in the midst of those cities there may be high youth unemployment, minority, there may be—I see housing as a major national issue looming large. How do you handle those kinds of things?

Dr. NATHAN. I think about it this way: I think we ought to read the newspapers about the job crisis and the housing crisis and the crime crisis and the drug crisis. In order to get into the newspaper sometimes you have to say crisis, no matter what it is.

CRISIS CONDITIONS

Now, what I see is that these kinds of crisis conditions again really come together. It is in these older cities with the impaction of social needs, or the concentration of social needs that you have the job and housing and crime and drug conditions that those phrases refer to; so it is the coming together of problem conditions in certain communities, and I guess I feel this way about it, Mr. Chairman, and that is it is an educational question. I mean, the Carter administration used a lot of our data, and they came and talked to us, and yet it seems to me they never really made the point in a way that used the "bully pulpit," if I may be pardoned to say it that way, to get people to think in terms of what I was arguing for.

Maybe it is politically unrealistic, but other countries do it, and that is it is more efficient to concentrate your funding on where your needs are the greatest if you want to spend less, and if we could only educate people that some places in this country—the States and the counties and the cities really do provide domestic public services. The Federal role is kind of an overlay. It is an overlay that particularly involves, I think, two or three things.

One thing it involves is welfare. Welfare and income transfers is becoming more Federal. A second thing it involves is some interregional problems that localities can't deal with, like air pollution, or water pollution.

The third thing is the question of disparities, of looking at a Nation where everybody is a citizen, but some people are not able to enjoy the kinds of conditions that others do because of the conditions of the jurisdiction in which they live.

Milton Friedman would say to you, don't worry about it; those people can go someplace else. They don't have to live in Buffalo if they don't want to, and they will leave and everything will be OK. But I don't believe that is right, because I believe the people left behind don't have those options, and all through the history of our country this has been at the root of what domestic policy should be about, and is about, and now in a period of austerity, where big new bucks—in other words, to spend a dime in Detroit, if I have to spend $3, I am not going to do much more in Detroit, and, therefore, I think we have to find a way to put together the ideas and the political cultivation, which could include some fiscal conservatives.

I have always been a Republican. I don't know if you will ever have me again, but I don't think this has to be just the liberals' issue.

The CHAIRMAN. Thank you very much. The Chair will yield to counsel for the committee momentarily to ask a few questions.

Mr. DAVIS. Dr. Nathan, would you mind defining crisis for us again in terms of how you indexed it during your studies?

Dr. NATHAN. What I could do if you like, is I have this paper that is the latest research paper that explains—I actually have two papers, the data we have used for these index studies, and the only thing is I don't think you want to put all of them in the record, because it is awfully long, so I would suggest you might want to read through these papers, pick out the sections that deal with the index questions that you just asked me, and then just put a heading on it saying that these statistical sections would be of interest.

Mr. DAVIS. I raise the question because it appears what the Chairman might have been trying to reach was the question of whether or not crisis is something which can be viewed as being solely isolated to single sections of the city or whether or not if they exist in any section of the city they don't also imperil those parts of the city that remain healthy?

Dr. NATHAN. I think that is absolutely right. I think the national government should worry about jurisdictions, and that Coleman

Young should worry about where, in his jurisdiction, the priorities are because he has to think of the tax base and the job attraction capabilities and the social needs all together, so I happen to agree with the implication of your question that the Fed should deal with the legitimate political processes of incorporated places in the nation, and I don't think we do very well when the Federal officials start going around and saying you should spend money in the South Bronx. I have been to the South Bronx; I am doing some work there, and it isn't quite what you think it is, or at least what I thought it was.

There are some very nice neighborhoods in the South Bronx, but I don't think Washington ought to decide where Koch should set his priority. That is sort of a Republican view, I guess, and it is my view.

Mr. DAVIS. Would you tell us, do you think where there are crises as you define them that we stand any real chance of being able to solve them or resolve them within the framework of the present budget priorities of our country?

Dr. NATHAN. Yes; that is the ironic thing. If we would face up to the question and spend $5 billion—which doesn't sound like a lot of money today when we have just been hearing about a $36 billion tax cut, I don't think—$5 billion that was allocated in a way that recognized the special and more severe urban problems, and rural distress problems, on the places that have those problems, if we could only get people to accept it.

Mr. DAVIS. Your assumption is that we could, in fact, do it without great pain and suffering if we but had the resolve to do it?

Dr. NATHAN. Well, I do believe that, but I feel guilty coming here and saying that, because it just sounds too easy, but I really do believe that resolve—your word, and it is a good word—makes a lot of difference, and if we had more resolve and would educate ourselves about the nature of these conditions, and about the fact that the economic revival of the South was very much a function of national policies, and now the problems are concentrated in other regions, although not in a way that doesn't involve the South or even the West, if we could only work—I believe that it is a matter of resolve and a matter of understanding.

Mr. DAVIS. That leads quite naturally into the last question, and that is, do you think we are still in a period where we, in fact, have the choice to decide not to solve these problems, or are we, in fact inviting great peril if we do not move immediately to do something?

Dr. NATHAN. That is a question that gets a little bit out of my area, and that is a question that involves the volatility of the areas in which social problems are concentrated, and I guess I would observe this to you, that the civil disorders that have occurred in the United States have tended not to occur in relation to money, and in relation to budget cuts, as much as they have been caused by events and conditions relating to the politics of the community.

So I think my own view is that we ought to deal with these conditions, and yet it isn't so much because we are threatened, but because, in your term, we have the resolve as a nation to deal with it.

The CHAIRMAN. Does that conclude your questions, counsel?

Mr. DAVIS. Yes; thank you very much.

TARGETING

The CHAIRMAN. I have one additional question, Doctor, that goes to the discussion of targeting, and efficiency.

My experience in the Congress has been that one of the significant factors leading to the watering down, as it were, of the targeting process, is the political consideration. My colleagues—someone will offer an amendment—if we came to the floor with a piece of legislation designed to deal with the significant employment problems of major cities, someone will offer an amendment that says including cities of 100,000 or more are eligible.

And then one of my other colleagues will say, but that means the major cities in my area, which may be 50,000 people, won't be included, and I want to be able to show them I brought something home; so the next guy will offer a substitute amendment, saying all cities of 50,000 and above shall be eligible, and someone else comes in and says we should bring it down to 40,000 people because they have a few cities to be eligible, and then you end up with every city in the Nation eligible, and some cities may be getting a monthly check of $1,972.27, having nothing to do with impact.

Do you think that your notion about efficiency addresses that harsh political reality of how we end up watering down these approaches?

Dr. NATHAN. That is a very good statement of exactly what these kinds of ideas come up against in my experience, both in government and as a person who studied Federal grant programs for now a very long time, and I would make a couple comments by way of response.

First of all, self-interest does make people act, but still our country has often done generous things to deal with the needs of people who are a minority electorally. We have welfare programs today, and while there are a lot of problems with the welfare programs, they are quite large, and for a family they provide health, food, cash assistance, and other kinds of assistance.

It seems to me that when people are convinced that this is right to do, because there are legitimate important national needs that are involved, we shouldn't be too despairing of the usefulness of education and exposition.

STAFFING

The second point I would make is that good staffing is important, too, that the people who are concerned about social needs, if they would get together, and if they knew the answers, and if they had the best analyst trained at the Woodrow Wilson School of Princeton University, all to figure out formulas that will deal with social needs better, and the third point to be made is the intensity factor.

I mean, if you insist, I will do your $36 billion; just give me $2 billion. I care enough about my $2 billion, I am going to make it damn hard for you to get your 36. It isn't always who has 51 percent of the votes on a question; it is often a matter of who educates best about the issue, who staffs best in the terrain, and who has the intensity factor working for them in a way that gets their coalition to be instrumental in making a difference.

So all of that said, I think that targetings to solutions are going to have to include a lot of jurisdictions. I wouldn't worry about the size cut-off. I would include every size jurisdiction; that is easier. The better way to vary the amount of money is according to the needs of different jurisdictions, not size of jurisdictions, and there is a whole litany and almost semischolarship now that has grown up about these formula issues; it is a living, and I think just because it is tough, it seems to me it is so intrinsically related to the kind of society we have that maybe we shouldn't give up.

I understand very well the kinds of political realities that your question covers, and there may be better strategies; there may be other strategies, but I have looked at a lot of options, and I don't see any better options.

I mentioned the welfare option and the changing boundaries option. I think you can get more bang-for-the-buck if you could get some efficiency solutions enacted as your price for doing whatever somebody wants you to do.

The CHAIRMAN. Dr. Nathan, I would like to thank you for your contributions to these proceedings, and on behalf of myself and the members of the committee and staff, I would like to thank you again.

Dr. NATHAN. It was nice to be here.

The CHAIRMAN. Our next witness is Dr. William Cannon, vice president of the University of Chicago and former Chief of the Office of Education, Manpower and Science of the U.S. Bureau of the Budget.

We are pleased to have you here, Dr. Cannon.

STATEMENT OF WILLIAM CANNON, VICE PRESIDENT, UNIVERSITY OF CHICAGO

Mr. CANNON. I thank the Chair, and the committee, for the invitation to testify.

The CHAIRMAN. Thank you. We are very pleased to have you here.

Mr. CANNON. I should make one correction, though. In addition to being vice president, I am a tenured and full professor at the University of Chicago. I am also one of those rare birds who is not a doctor.

The CHAIRMAN. Thank you.

Mr. CANNON. As I understand it, part of the committee's objective is to look forward by looking backward, to calculate the future by reconstructing the past. Hence, I will spend some time looking back to the midsixties and then try to compare that era with the present time to see what has changed, and what has not, and what should be changed to deal with short- and long-term urban problems.

I had extensive experience with urban problems and disturbances of the 1960's; first, through an involvement with the development and implementation of the war on poverty; then through an assignment in Watts, the year after the riots there, and in Detroit during the riots, through trips to and analysis of conditions in east Los Angeles, Atlanta, New York, Oakland, Toledo, Jackson, Michigan, Sheboygan, Chicago, Minneapolis, St. Paul, and many other cities.

WATTS EXPERIENCE

I was sent to Watts to coordinate and to figure out how to have an ongoing coordination of governmental problems in the Watts area that could ease Watts' problems.

The idea behind the assignment was one which, in my judgment, should be given new consideration in the light of contemporary urban conditions and of Federal practices.

To use the hyperbolic language of the times, the idea was that of assigning a Federal official, which I then was, as an on-the-spot czar, to knock Federal and even State and local heads together, to get a sharp focus on the troubled Watts community—all this with a very practical aim to be sure to present the governments being held responsible for a repeat of the previous year's disturbance, but also to deliver the goods to Watts.

Obviously, I was not a czar—a Federal program coordinator would be a better description. My Budget Bureau colleagues and I in our brief time there did manage to get the attention of Federal and State agencies on Watts' problems, for example, the absence of transportation, of health care services, and to get government agencies at least to talk to one another to attempt to make a comprehensive attack on Watts' needs.

Naturally, I reflected about Watts the year after the disturbance, as I reflected about Detroit a year later in the middle of the riots, what is it that leads large numbers of people to take to the streets?

One answer, one piece of an overall answer, was that governmental programs, both by their presence and absence, themselves contributed to the frustration-aggression pattern. Watts certainly, Detroit more subtly, Los Angeles in a complex way, Sheboygan's simple way, each evidenced the symptoms of inefficient, inadequate governments, either neglectful or positively harmful.

Watts, for all its collection of sunny California pastel bungalows, was visibly a desert, isolated, almost walled in by freeways, bereft of ordinary community institutions, including many ordinary commercial enterprises, hospitals, clinics, of easy and rapid transit, and so on.

All such governmental programs as were present seem to suffer from the apparently intractable disease of making it very difficult for those in need to find out about them; for those in need to find their way through the maze of categorical programs with their different eligibility rules; for some in need to find any program for which they were eligible; and for all in need to find any program or mix of programs which would address the whole—address the person, the neighborhood, the community.

The absence of effective government, with sufficient program reach was the root cause. That was the conclusion of my reflections on Watts and Detroit, and other places.

This conclusion was confirmed in Detroit. I arrived there several days after the riots began, but while they were still continuing, with an assignment similar to Watts, but in this case to focus Federal programs on the reconstruction, and to bring about such synergism of Federal, State, and local programs as we could under the gun. While not so visibly and intensively exuding the sense of abandonment, the Detroit inner city areas, nevertheless, gave one the same feeling as Watts: The coming to a head of a long period of being left out.

INEFFECTIVE GOVERNMENT, INADEQUATE RESOURCES

The same phenomenom—ineffective or neglectful government in distressed city areas, inadequate program resources—was present in the other cities I have mentioned.

My conclusion that the contemporary government structure and programs lay at the root of urban problems was also based on my involvement with the war on poverty program planning and implementation. The experience of the 900 or so OEO community action agencies highlighted the deficiencies of contemporary structures and programs.

They indicated the potential for community institutions to provide organized action by local communities on their own behalf, to reduce isolation, alienation from civic life and increase participation, to plan, to deliver program services, and to coordinate governmental structures and programs from the bottom up.

In short, they had the promise, and still do, in the different forms which many are found today, of linking governmental plans, programs, and structures with the real realities of local living.

Experience with them suggested that urban problems would remain ultimately insoluble even if welfare programs expanded substantially, because of the lack of a local structure to coordinate and focus program resources on local problems; to facilitate synergizing programs and to approach them from the number of directions required for solution.

To illustrate the point better—I am saying, for example, that direct cash payments will not solve urban problems, or jobs alone, because the problem involves more than such elements, and because the nature of the problem affects the effectiveness of them; and I am saying, hypothesizing, that systematic local community action is a structure which can facilitate approaching the urban problems in the ground, because it deals with them not just from a personal but an interactive or overall community point of view—and thus has a chance of success in handling them. It closes the serious gap in our governmental structure with a hybrid organization, linking the people and the government in a democratic fashion.

Because I have dwelled so much on governmental structure and processes, I want to backtrack and remind you that my basic conclusion about a root cause of urban problems and disturbances was not only the absence of effective governments, but of adequate program resources and reach.

Though the effort to get the most out of programs as were then available was important, it could not compensate for the inadequacy of the programs, themselves. Every basic program was inadequate.

PUBLIC ASSISTANCE

The public assistance rolls had only recently been opened up, principally by the Welfare Act Amendments of 1962 and by a shift in Federal mood which almost went so far as to induce people to apply for such aid, a mood rising probably from a sense of guilt that so many people in desperate need were eligible but not participating.

The degree to which the Federal public assistance program was inadequate can be seen in the budget figures; $2.1 billion in 1960 compared to over $7 billion now, to which has to be added more billions because of refinements and new programs—such as food stamps—since 1960. Clearly, the failure of the public assistance program to reach eligible persons in urban and other areas must have been a source of problems, particularly as it must have become apparent to urban inner city dwellers when the new mood began to bite that a lot of unnecessary suffering had occurred. Economic misery and a spreading sense of injustice can, I suppose, fuel disturbances—at least at the policy level. I believe that hypothesis should be taken as a working principle.

HEALTH CARE

Health care was another vital area where the governmental program reach was not only inadequate, but only minimally available before the mid-sixties. Federal-State medicaid-type payments—there wasn't medicaid then—were $500 million in 1960, and today the Federal medicaid program alone has reached the $15 billion mark, while in Watts, I heard repeated references to the long distances one had to travel to get even the simplest form of medical aid, and the possibilities of being sent back home to come another day, or of rejection of applications for aid.

So these two vital areas of life conditions were left untended by government at the time, and one can reasonably hypothesize their absence would lead to conditions which would cause disturbances.

These remarks about program adequacy will have to suffice in this brief review.

If there is validity in my approach to urban problems and disturbances, which centers on the role of governmental structures and programs, rather on historic trends or great sweeps and changes of public mood and emotions, then what follows from it for use now?

Taking up the program side first, some would conclude from what I have said that governmental programs developed since the early sixties have effectively done all that can be done to solve urban problems and to prevent urban disturbances, or stated another way that for this summer their presence has dampened way down the potential for the widespread collective violence of the sixties. There are, of course, several responses to this view. One is obviously Miami, though that could be called into question as a special case. Only time will tell.

Another response involves contentions over budget and economics. To be sure public assistance, old age health, and job and unemployment programs have increased astronomically, far more than the inflation since the 1960's; and the general standard of living has risen for everybody since that time, although the relative position of the poor has probably not improved significantly.

But the question still remains, have they improved enough to dampen down significantly the sense of relative misery and perhaps even more important, the sense of getting an unfair share of the public pie, and how far will more dollars take us?

If you look at this question program by program, you get different answers. Health care appears clearly to be sufficiently funded. Not only are the dollar trends convincing, but studies and visual inspection of city hospitals and emergency rooms bear out the thesis that access to health care has improved both absolutely and relatively, yet it still remains that life expectancy for Chicago blacks is 5 years less than for Chicago whites.

Nevertheless, even doubling or tripling health care appropriations may not be as important as creating a new concept of public health service in inner cities.

The social security program is another area where it is difficult to believe that quantum jumps in funding would lead to quantum gains on urban problems. But dollars are not necessarily the only way to make social security a more useful democratic servant in urban life.

We need a new broader concept of social security which takes the term more literally and which overcomes defects such as pitting and trading off the aged against the young.

Public assistance budgeting is more debatable. Nevertheless, the rough sense is that additional dollar inputs here, while highly desirable, may have only marginal effects on the problem the committee is addressing itself to. Here again the change needed to pull the teeth of urban tensions is not so much dollars as an attitude which removes suspicion and less than humane treatment of the recipients.

Jobs involve a tangle of considerations. Though the current rising unemployment is involving more heads of families, the job deficit still resides mostly with youths. It may be there is room for more funding here; certainly though much the often rightly criticized, a large-scale summer job program, even larger than now, is warranted.

I base some of my information on the youth employment demonstration program, with which I have been cochairman of the board of a nonprofit intermediary agency named Youthwork, and we have seen some very good projects go unfunded. However, there are persistent, difficult problems with youth employment programs, which might not affect a summer program, but certainly are involved in long-term programs.

Perhaps foremost among them is the issue of real jobs and the commitment of the youth themselves to a job, an interrelated issue. Real job creation is not easy and though there are already successes, it will probably only be achieved through large-scale, planned interaction and subsidy among private business, government, and community action; and through an alteration in the present basic philosophy of job creation to shape jobs to the person rather than the person to the job.

As I survey these and other governmental programs, I come to the conclusion, which forms the third response to my points, to whether governmental programs, putting aside governmental structure and processes, have now reached far enough toward the solution of urban problems and disturbances.

I ask now whether present health care, social security, public assistance, and job programs, even if their funding were increased to the level of one's heart's desire, whether they will all do the trick, certainly they will do a great part of it. That is, is the strategy of supplying an adequate level of so-called basic needs enough, is bread alone enough to handle the complex of defects that hide behind the terms "urban problems" and "disturbances"?

Or are things like humanness, knowledge, free association, and status essential too? These now older programs represent genuine gains in health, in income, in careers, but they do not involve all the gains needed.

POLICIES, NOT DOLLARS ALONE

My conclusion is that more dollars alone is not enough. The present times call for policies which deal effectively with more subtle and intangible factors. The place to begin such a shift may be with two older program areas, education and housing, which have not developed as fully and as rapidly as health care, but which have a direct bearing on the subtle matters.

For the short term, the summer, usefulness of these programs is obviously limited as a quick fix; but there is next summer and the summer thereafter and it is on these that they may have a crucial bearing.

EDUCATION

Education and housing for the poor or the inner-city dweller, especially at the level of Federal programs, have not followed the same spectacular rising curve of support as health care or public assistance.

After rising between 1965 and 1970, reaching 11.6 percent of the total expenditures, the Federal share of national educational expenditures had declined to 10.6 percent by 1976; this has been offset by increases in the administration's budget of the past several years, but the trend is still not comparable to health and public assistance trends as it well could be and as during the 1960's it was planned to be.

Thus, for example, the President's 1967 task force on education recommended a $10 billion, title I, which is the aid for education of poor children program in 1967 dollars, for the mid to late 1970's. By 1976 the program was funded at the $2 billion level.

In my view here is a major gap; the Federal underfunding of education of poor children has not been compensated for by State and local action. While the effects of below-standard education are slow to gather and subtle in their appearance, they are still real and can create a range of problems from withdrawal to rebellion.

People may be fed and treated and worked, but that does not offset an accumulation of resentment over denial of access to valuables that are important in themselves and that others have in abundance. The Aristotelian conditions for revolt thrive in the area of education.

This committee might well want to consider a new look at and a new definition of the concept of compensatory education, beginning by repudiating the conventional wisdom that has ruled this field since the issuance of the Office of Education's equality of educational opportunity in the 1960's, which decreed that dollar inputs have little effect on increasing reading skills and the like.

I would think a better standard should be that no school in the city should be worse than the best school in terms of objective characteristics of teacher quality, class size, physical facilities, and so on. If that standard which was emerging in the early 1960's had not been cut down by the Coleman report, the committee would be meeting on a different set of problems today, except for the housing issue.

HOUSING

There has been a diminution of Federal effort in the housing area also, though it is harder to be a statistically categorical as for education. Since 1970 Federal effort has declined from about 83 percent of the total effort to about 78 percent, but there has been a small rise in State-local effort.

Regardless of statistics, any inhabitant of the city, such as I in the south end of Chicago, knows there are three problems with housing; housing in poor areas is bad; there is a lot of it, and it is segregated. This is surely a tinderbox combination which health care, jobs, and public assistance may not be able to ameliorate completely. There is nothing like decrepit, segregated housing especially in a gold coast and slum context, where the contrast is visible to add to overcrowded misery the injustice of unfair distribution of the world's essentials rising in the housing context.

Adding to the immediate and long-term urban problem may be a new factor in American life. Prof. William Wilson has pointed to this in his book with the same title, "The Declining Significance of Race." Many relatively well-to-do minority persons and families, certainly in a city like Chicago and in some suburbs, can live and do in nonsegregated areas; but this is not so for low-income persons.

There may be a trend toward permanently segregating the city's lowest income class, at present primarily minority. The effects of this kind of segregation are something to ponder and I believe to prevent. It is not the older way-station type segregation, but a fixed solution.

The Federal objective still should be economically and racially integrated neighborhoods, not just for moral reasons but for practical reasons for making the country work.

There is no pat or gimmicky solution to the segregation problem. A number of housing solutions have been tried from section 8 housing to FNMA, to economic incentives in model cities and disincentives, but it is clear that while the income characteristics of the segregated may be changing the pervasive fact of segregation is probably not.

Education is not taking. There are few grounds for hope. Apparently, only an act of political will, which is difficult, probably impossible to achieve, can help.

The situation is probably hopeless unless it is altered by Federal policy to require integration; for example, to require integration of schools and to provide the necessary housing, or to acquire it, in the area of the schools, in other words, to make school integration work by providing an integrated neighborhood.

Without such strong governmental action, we should resign ourselves to the long-term persistence of urban problems flaring up into collective violence every so often.

If, however, program measures such as I have just suggested cannot be accomplished, there may be some hope by moving along the structural route as I have just suggested.

The President's 1981 budget message with its new emphasis on building "socially viable" neighborhoods, and the emerging thrust to use a geographically based entity, the neighborhood, to create community is encouraging. Appropriate community action structures, substantive not administrative decentralization, may provide a handle to apparently insoluble problems like school and housing segregation.

These cannot be handled without local community action and communities should be given the responsiblity for handling them rather than simply being made the objects of one-way outside intervention. But a prior step is for the Federal Government to build or rebuild community competence and resources.

A persisting effort to revive and renew such governmental instruments as the Community Services Administration, to renew existing CAP's and reinforce the functions just listed, to use the District of Columbia as a model by building neighborhood staffs and institutional competence to run them, such are the kinds of measures that could be examined.

I should stress that the other half of the localism coin is that it requires positive, vigorous central government to encourage it, sustain, and hold it accountable; to guide it to reach its full development as an effective and resourceful instrument of local community governance; to prevent it from declining into a mere social service delivery system; and to coordinate the relationships among communities and governments.

Those are my prescriptions, Mr. Chairman.

The CHAIRMAN. Thank you very much.

BUDGET PRIORITIES

My first question is a rather broad question. It goes to the issue of budget priorities.

Do you think that the problems that you enunciate in your paper that we agree are realities in the urban cities in the country, can be addressed within the framework of our present budget priorities, as reflected by the Congress?

Mr. CANNON. I do not think they are being addressed within the present framework of our budget priorities. One of the points, and I don't think that point came through as clearly as I wanted it to, obviously, I don't think it is being addressed in the areas of education and housing. That is No. 1, and that is clear.

If what is being said is that the cause of riots in the mid-1960's was a lack of basic programs in the area of income, food, and health, then there is an argument that the present budget levels, though inadequate, are sufficient to keep that from happening.

OK; but they are obviously not adequate by any standard of prudence or wisdom.

The CHAIRMAN. Could you tell the committee which areas you believe can be improved through Federal expenditures, on the one hand, and which areas require from your vantage point a different approach then simply Federal expenditures?

Mr. CANNON. Well, I didn't in this kind of context, I did not have enough time to work out that whole theory of local action, but I see a two-part interaction between a new entity, and it can take a variety of different forms, which is a local community, and that is not primarily a money issue, although money gets involved.

The issue is to get together at the local level as a way of doing local business and of letting local people do their business.

The other end of it is the standards and accountability mechanism at the central, at the Federal level, and that mechanism is essential regardless of budget levels.

As for what Federal resources should go into what problems, I do not have any great feeling about the form of federalism which operates to prevent the solution of problems in the cities. Therefore, I am very pragmatic about what the Federal Government should do.

It should do what is necessary under the judgment of reasonable people, such as the Congress, to solve the problems, but the problem has to be solved, therefore, I see no particular constraints either on dollar levels or in other areas.

Of course, we have in a sense crossed that bridge in the 1960's. We went into many new areas, education, police, and so on, the Federal Government did, and did some practical judgment in what will work.

SOCIAL SECURITY

The CHAIRMAN. You mentioned in your statement this notion of updating the concept of social security, and I am fascinated by that, and I would appreciate if you would tell the committee what you perceive to be the essential components of conducting the concept of social security.

Mr. CANNON. The first component of it is really to redefine it, social security, and define it to mean more than it means right now, which is largely an old age disability support program.

I have got nothing against those programs, you understand, but look behind those programs and see what we mean by social security. Why did those programs come into being?

The programs themselves, the monthly checks, and so on, are simply manifestations of a theory that applied to social groups back in the 1930's, which was the fact that you should not arrive at age 65 and end up in a life of insecurity almost in a broad social, psychological sense.

I am looking for social security and in fact what I am arguing for in most of the things I am saying is that the challenge of the next period, 10 years or whatever it is, to look more deeply at those older concepts of public assistance, social security, and in the case of social security to give it new dimensions, that is to say, to make governmental programs which would make people feel secure, and they should be sensitive to the total lot of pepole and not simply rest the definition of "social security" on providing adequate income.

So it requires much more subtle, broaderly based view of social security, social security with what I call a small "s."

Another angle is I am increasingly worried, and I have been for a long time, about trade-offs, especially budgetary and other kinds of trade-offs between the young and the aged. That is not a desirable thing. We have made too much of these categories, the young and the aged, and we are creating antagonistic social proofs.

I would fold in the sense social security for the youth into the social security system. You provided social security to the entrances to society, as well as to those who are in a sense departing from it.

You treat them under the same heading. You don't let age make the distinction. You let the distinction be made on those people for whom the Government has to take special measures to make them feel secure.

CLASS ANTAGONISMS

The CHAIRMAN. You mention those antagonisms that we have developed by virtue of these arbitrary cutoffs with respect to age.

Do you see that very same dynamic with respect to class?

Mr. CANNON. Yes; yes, if there is any one threatening central development over the past 10 years, it has been the rise of a kind of Marxist view of society, that is to say, that society is divided into two classes; and when I said in my remarks that I thought the trend toward segregating the lower income class, that is what I had in mind.

I mentioned section 8 but I will tell you, despite section 8 provisions for mixing on housing, there are ways around it and it just isn't working.

We are getting a lot in some of the big cities, a lot of racial integration, but although we are getting a lot of economic isolation on the other side of the coin, so class politics, which has prevailed in Europe, is now coming to prevail here.

At least that is what I see over the past 10 years.

The CHAIRMAN. So that in the next 10 years as we look forward, is it your thought then that if indeed there is the kind of confrontation we have come through in the past 20 years primarily based on the issue of race, that it will now manifest itself at the level of class?

Mr. CANNON. Yes; I think William Wilson's book, "The Declining Significance of Race," compiles a lot of evidence. I know it is controversial, but it compiles a lot of evidence, but I think the main dynamism that is driving us toward a class solution is that there is considerable support in the academic and political community for viewing society as composed of the class structures, and that is gaining the acceptance almost willy-nilly and in subtle ways, and legislation and other things are displaying it.

The CHAIRMAN. I did not hear your last comment.

Mr. CANNON. I am saying, and I would have to prove this, which I cannot at the moment, but it is my hypothesis that legislation coming out of Congress, especially on the social welfare area, is begininng to show the earmarks of a class orientation.

One way and one evidence or one tone or atmosphere that suggests this is the increasing emphasis on the economic solution to welfare problems, I have got nothing against economics because I deal with them all the time, but to center policy on economics is to invite organizing society by class.

The CHAIRMAN. Are there any questions from counsel from the minority?

Counsel from the committee have any questions?

Mr. **Davis**. No. Thank you, Mr. Chairman.

The **Chairman**. Mr. Cannon, we would like to thank you very much for your contribution to these proceedings, and we thank you for traveling a great distance to be with us today.

Mr. **Cannon**. Thank you.

The **Chairman**. Our last witness this afternoon is Mrs. Maudine Cooper, acting vice president of the National Urban League.

Mrs. Cooper's testimony will share with the committee the findings of the National Urban League's report on the "State of Black America."

We would like to welcome you here today, Mrs. Cooper.

We would certainly like to extend on behalf of myself and members of the committee and my staff, concern for the expedient recovery for our friend and your colleague Vernon Jordan.

STATEMENT OF MAUDINE COOPER, VICE PRESIDENT, NATIONAL URBAN LEAGUE

Ms. **Cooper**. I will see that those remarks are in fact related. I was very, very pleased to have been invited here, and would hope that I could get copies of the "State of Black America" to all of the members of the committee for their own individual perusal.

The "State of Black America" report contains a large number of recommendations in a number of areas, so my testimony this afternoon will be rather broad and, hopefully, if there are some questions or concerns relative to that document that I can answer for you this afternoon, I would be glad to do so.

The National Urban League was created years ago in 1910 out of a reform movement that swept the Nation at the beginning of this century, during the time when the first trickle of blacks leaving the rural South for the brighter promise of northern cities would turn into a migrational flood.

The newcomers to northern cities faced racial discrimination as unmovable as that they had left, exclusion from jobs, housing and education and exploitation at every turn. It was in this environment the league was born.

We celebrated our 70 anniversary in New York City. Our begining was in the city and our work remains there. We believe the cities are in trouble, our constituents are in trouble.

The quality of life in many American cities has declined drastically over the last 20 years.

> Those who espouse the philosphy of Roger Starr, former Commission or of New York City's Department of Housing and Development, blame the city's ills on the poor, minority and elderly residents of urban centers. For these critics, the fact that the cities must provide special services to these residents negates the possibility that these areas can be viable places to live and do business* * *
>
> In direct contrast to this philosophy, civil rights advocates and organizations believe that past and present governmental policies and racial discrimination have and do contribute to the decline of cities.[1]

Whenever we mention before a commissioner or a body that there is in fact a large degree of racism still existing in communities, I sense that those that I am talking to don't believe me, that they view my perception and perhaps the perception of many other minorities or civil rights organizations as one of paranoia.

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[1] Jennifer Douglas, Civil Rights Digest, Winter Issue, 1979.

MIAMI

I submit to you that those disbelievers or doubters have not been watching the papers or reading the various scenarios about what is happening across this country, and I submit, despite what I heard earlier, that Miami might be viewed as an isolated incident, that it is in fact not an isolated incident. We should be very conscious and vigilant that Miamis are not brewing across this country.

Federal policies toward the cities have encouraged urban sprawl and suburban growth. The States' insensitivity to the needs of cities caused and continue to cause the States to neglect to change antiquated and ineffective budgetary and accounting systems they require cities to use.

There are two specific areas that I will concentrate my testimony on this afternoon, one of which is education and the other is housing.

EDUCATION

In the area of education, for example, enrollments in urban public school systems continue to be overwhelmingly black, other minorities and the poor. At the same time, cities continue to spend a smaller proportion of their total budget on education than their suburban counterparts.

As a result, black and other minority children who attend public schools in large urban areas are receiving diminished educational programs as their districts are faced with huge budget deficits. These deficits occur despite school finance reforms in a number of States, precisely because those reforms have ignored the unique fiscal and educational problems of the cities.

In recent weeks, the Washington, D.C., school system has made headlines almost daily because of its fiscal problems and pending layoffs. Those of us who have supported the President's "Youth Initiatives" have done so reluctantly recognizing the fact that if we don't have the $2 billion out there within the next 2½ years, there may not be any moneys to help save what is left of the school system which many of our children still have to attend.

The second area is housing.

HOUSING

As you know, housing is another area of primary concern for blacks in the cities. Our "1980 State of Black America" publication refers to a housing survey of eight central cities in geographically dispersed areas.

For the cities in which blacks constituted 30 percent or less of the population, Philadelphia, Houston, Indianapolis, Los Angeles, and Seattle, blacks are overrepresented in the categories that indicate housing disamenities.

For these cities, blacks constitute one-third to one-half of all households in the following categories: Undesirable neighborhoods/wish to move; inadequate neighborhood service/wish to move; lacking some or all plumbing, 1.01 or more persons per room, shared or no bath and share or no kitchen. That is indeed a terrible plight in 1980 for a large number of black people.

Blacks tended to fare better in those cities in which the percentage of black households ranged from 62.4 percent to 33.9 percent in 1970, the cities of Atlanta, Washington, D.C., and St. Louis. Of course, there we would also cite the burgeoning middle class as a reason for that disparity.

It is estimated that 24.5 million black persons live in America and 55 percent of these black Americans reside in central cities. Many of these black city dwellers live at or below the poverty level. In 1977, approximately 8 of every 10 of the black unemployed were metropolitan area residents, and 6 of every 10 made their homes in central cities of the Nation.

UNEMPLOYMENT

Unemployment has remained a serious barrier to economic security for the black community. First quarter figures for 1980 from the U.S. Labor Department put black unemployment at 13.4 percent in central cities, compared to an overall rate of 6.6 for the population as a whole. In some inner cities, the unemployment rate for black teenagers is more than 70 percent.

As you may also know, the National Urban League has a formula which is used to compute the unemployment rate using what is called the discouraged and underemployed, so that whenever you see the 6.6 percent as an example of unemployment, it is almost automatic that that figure is doubled for black people in this country, so we are talking about a 12 percent unemployment rate for blacks.

It is for these reasons and many others that we dispute those who would tell us there is no longer an urban crisis, pointing to new employment opportunities in the downtown areas and neighborhood revitalization.

URBAN CRISIS CHANGE

The urban crisis has not gone away—it has merely changed language and form. Initially, it was caused by the movement of jobs, the white middle-class and businesses to the suburbs and rural communities—also, by the aforementioned Federal and State policies that contributed to the decline of the cities.

With the change in the nature of the urban crisis, there is a national movement of urban revitalization which will ultimately displace the poor, blacks, and elderly from their homes and neighborhoods. We have heard gentrification, and it sounds very nice.

Designed to attract the middle-class whites into the cities they had deserted for the suburbs, the urban revitalization movement pushes out present city occupants—the disadvantaged who cannot afford the high costs of "revitalized housing." Some new employment opportunities have been created, but many go to whites, the segment of the population that the cities are trying to lure back. Blacks, the poor and elderly city dwellers want to participate in the revitalization of their cities. However, those opportunities are severely limited.

Instead, they are being displaced. Today, displacement is probably one of the most critical problems of our times.

Vernon Jordan, president of our organization, emphasized the seriousness of the problem in his "To Be Equal" column last year, a column I will also share with this committee when I send in the copies of the "State of Black America." In that column he said that an urban plan which revives one neighborhood to the deterioration of another is hardly a responsible solution to save the cities.

The NUL has recommended that the Federal Government adopt a strong antidisplacement policy. In that regard, we have had several meetings with the Secretary and others within the Department of Housing and Urban Development.

In November of 1979, the U.S. Department of Housing and Urban Development released a report stating that "No person shall be displaced as the direct result of a HUD or HUD-assisted program or activity unless an affordable, decent, safe, and sanitary replacement dwelling is available."

The CHAIRMAN. Would the gentlewoman suspend? There is a vote on, and we will suspend for 10 minutes, and we will reconvene.

Ms. COOPER. Fine.

The CHAIRMAN. The committee will resume its business.

Ms. Cooper, you may proceed.

Ms. COOPER. Thank you.

On a final note on the displacement issue, one of the rationale often offered at least by HUD in saying that the problem is difficult and one that they cannot deal effectively with is the issue of private displacement, indicating most of the displacement occurs in the private market.

We would strongly urge HUD to take a second look at that position. Many of those private marketing efforts on the part of the private ownership in the housing market is not as private as they would have us believe. Those individuals are either receiving some form of financing from HUD or some form of assistance from the State and local governments through a Federal program as it relates to housing programs.

There are a number of recommendations that we have in this testimony, and I would ask that they be submitted in total for the record.

The CHAIRMAN. Without objection, it is so ordered.

[The National Urban League recommendations follow:]

LEFT UNTOUCHED WAS THE LARGER PROBLEM CAUSED BY PRIVATE DISPLACEMENT

NUL RECOMMENDATIONS

Among the recommendations the NUL has made that would directly affect life in the city for millions of blacks are the following:

1. The Federal government provide funds to increase research and demonstration efforts focused on the improvement of motivational counseling programs in urban areas, particularly at the elementary and middle school level.

2. The urban policy of state governments should be designed to promote the development of existing localities and to discourage the sprawl of metropolitan areas. States can do this by:

   (*a*) Refusing to finance further sewer, water or highway extensions that are in conflict with regional development plans.

   (*b*) Prohibiting counties and municipalities from using their own tax exempt bonds to finance sewer, water and road projects in conflict with regional development plans.

   (*c*) Requiring Public Service Commissions to increase utility rates in those fringe areas which are costly to serve.

3. Local governments should pass legislation that would enable them to negotiate directly with employers to provide suitable conditions for the expansion of employment in older neighborhoods by the granting of appropriate privileges (i.e., the relaxing of zoning standards).

4. A moratorium should be placed on all condominium conversions. The housing supply is already tight for low-income families, and the recent spate of conversions is exacerbating the problem. Similarly, federal assistance should be provided to low-income renters to enable them to bid on the purchase of units in which they reside which are "going condo."

5. Federal spending should not be slashed in areas that will hurt the poor.

6. There is a critical need for the modernization or rehabilitation of mass transportation facilities. Low-income people have an inordinate dependence on mass transportation. A recent study by the NUL Research Department reports that nearly half (47 percent) of all black households in the nation's central cities do not have cars, while the percentage for the total number of central city households is 25 percent. Black central city dwellers depend heavily on public transportation and 43 percent of black poverty area residents use public transit to travel to work.

Ms. Cooper. In listening to the preceding witnesses there were a couple of things that occurred to me I thought I should say before closing out my statement.

When we look at this Nation's cities, and we talk in a one-liner, if you will, about the Federal role and the Federal involvement in the plight of today's cities, we do not take that statement very much further.

MARSHALL PLAN FOR THE CITIES

If we were to take a careful look at the transportation patterns, at the housing patterns, at the educational systems, the prior codes that prohibited—or not prohibited in many instances, but compelled blacks or minorities to move into certain areas and find themselves ghetto-sized—we would find the complicity there is far more than the one-liner would indicate.

When we look at the employment patterns and practices within the cities, at the encouragement that was offered to many to move out of the inner cities in the suburbs, the way HUD, as an example, subsidized those new communities that did, in fact, draw the middle-class Americans out of the inner city, when we look at all those policies and all those practices, to say very simplistically that we need more money for jobs programs, that we need more housing units constructed within the inner city, does not approach the problem as it should be approached in a kind of comprehensive fashion.

Some years ago, you may recall that Whitney Young called for a Marshall plan for the cities. If we could do that for Germany and Vietnam, and all these other countries, to me it is amazing that we could not do that for the inner cities in this country. I think we haven't had the will; it is as simple as that.

We can put a person, man if you will, on the Moon. We can get our spaceships headed for Pluto or Venus, whatever; we cannot save a Chicago, or a New York, or a Boston, and to me that is totally unacceptable.

MIAMI

I submit to you, and I am not a harbinger of doom and gloom, but I submit that Miami was not an isolated incident. We had a briefing from the Urban League executive director in Miami, and the patterns of unhappiness, of disillusionment, of just hopelessness that existed in Miami exists in a lot of other cities.

The final shooting and killing of McDuffy was, I believe, just the straw that broke the camel's back. How many straws it would take to spark such an incident in Washington, I don't know. How many straws would it take to start that kind of rioting in Chicago or New York, I don't know.

But what we have to be forever vigilant about is the fact that those straws are not there, and it would be naive, if not downright stupid, for us to pretend such does not exist and view Miami as an isolated incident, or Greensboro, or other places where we have had rioting and unjust deaths.

We have to look at our cities in a very realistic fashion and realize that homogeneity is the key. Cities should not be white, black, rich, or poor. They should be heterogeneous in terms of class, in terms of incomes, in terms of ethnicity, and that is, to us in the Urban League movement, critical.

I will entertain any questions you may have.

The CHAIRMAN. Thank you very much.

First, I would like to thank you very much for providing the committee with a copy of the National Urban League's report, "The State of Black America—1980," and without objection, it will appear in its entirety as part of the record of these proceedings.

[Excerpts from report appear on p. 636.]

The CHAIRMAN. I have a couple questions I would like to ask, but I can't resist responding to one of the comments you just recently made, and that is why are we not capable of providing the necessary assistance to our major cities.

New York is a classic case in point. One of the thoughts that I have always had about the New York tragedy is that it is not off the coast of the United States, because, if it were off the coast of the United States, it could negotiate a military base, and then New York would get all the money it wanted, and, unfortunately, that is part of the mentality of our country.

There have been a number of comments over the past several days with respect to the problem of employment in the major cities of the United States, including Washington, and a number of comments both pro and con, substantive and specific as well as broad and general, with respect to the CETA approach, and I understand you have some thoughts with respect to CETA, and I would like to open that up and get your thoughts and views and comments.

TARGETING

Ms. COOPER. One of the things said by a previous witness was the reference to targeting. CETA was designed to help the long-term unemployed, the economically disadvantaged. As we look at the various provisions within the law, we find that there are loopholes; there are ways to get around those provisions so that there is a little of something in there for everybody.

If we look at the programs for youth, the YEDPA programs, there are provisions which will allow young people from middle-income America, if you will, to participate in those programs. We have as a part of our political structure decided every program not here virtually ought to provide a little bit for my constituency and your constituency, and so on.

In that whole process the politics has obscured the evaluation, the monitoring, the whole aspect of CETA follower-ship. We said under the Nixon administration, for example, it is no problem; just give them the money and keep the natives quiet.

What has happened since then is that mentality has stayed on and many people still believe they can run the CETA program any way they want to. And we in the Urban League movement have an educational job to do to tell our affiliates that is no longer true. Many other community-based organizations are having the same kind of educational progress going on. CETA was designed to provide jobs for particular segments. The politics have far outweighed that goal.

In addition, what is happening today does not allow us to say kill the system, kill the program. What we ought to be saying is the goal was a good one, let us make the program fit the goal. We traditionally do that in this country. We say there is a program not there; let's give a little to everybody and then a couple years later come back and say it didn't quite work like we expected, so let's kill it.

We say that about our housing program, our welfare programs, about our food stamps program. Whatever programs are out here, the politics have often outweighed the well-intended program thrust, and so I would submit to you CETA is no panacea, clearly, for the unemployment problems in this country, but it is the only show that we have today, and if you throw out CETA, let's make sure that we have a well-placed program to come in and fill that CETA gap.

The CHAIRMAN. Thank you very much, Ms. Cooper.

I see I have a vote, and I would not require you to stay. We have a couple other questions. What the Chair would like to do is submit those to you in writing and hope that you would respond to us in writing. Would that be agreeable to you?

Ms. COOPER. I would be glad to do so.

The CHAIRMAN. I would like to then thank you very much for your articulate presentation and keen observation and response to our questions, and taking time out of your busy schedule to meet before this committee.

Ms. COOPER. Thank you very much.

The CHAIRMAN. The committee will stand in adjournment until 9 a.m. tomorrow morning.

[Whereupon, at 4:03 p.m., the committee adjourned, to reconvene at 9 a.m. Friday, June 27, 1980.]

[Subsequently, the following material was received for the record:]

CONSERVATION OF HUMAN RESOURCES
COLUMBIA UNIVERSITY
NEW YORK, N.Y. 10027

June 20, 1980

The Honorable Ronald V. Dellums
Chairman
House Committee on the District of Columbia
1310 Longworth House Office Building
Washington, D.C. 20515

Dear Representative Dellums:

As I explained to your staff when they invited me to testify before the House Committee on the District of Columbia which you chair, I stay put on Martha's Vineyard during the summer to study and write so that I may have something to contribute during the rest of the year. But I did promise to send a letter in lieu of appearing in person. Here is my best effort to address the issues outlined in your Mailgram of June 10th addressed to urbanologists. I have taken the liberty of reformulating some of your questions in order to enable me to provide you with sharper and more incisive replies in terms of materials that I control.

I. What has happened to cities since the Kerner Commission Report?

a) The central thrust of the Kerner Commission (K.C.) Report was to warn about the division of the U.S. into two races in which hostility and fear rather than cooperation and assimilation would dominate. The heavy concentration of blacks in most central cities characterized by poor education, poor jobs, poor housing, poor environment is a sharp reminder that the K.C. was not far off the mark. On the other hand it was unduly pessimistic. A substantial number of blacks born into and raised under disadvantageous conditions are making it through the school system, up to and including college, and are obtaining jobs that enable them, surely if they have a spouse who works, to earn a satisfactory living.

b) The most unsettling evidence of the adverse circumstances in which many young blacks are being reared is the steep climb in female headed households, many of which are below or at the poverty level; and the correspondingly large numbers of teenage unmarried blacks who have children. These young women frequently face family responsibilities before they have completed high school or before they have acquired any skills that would enable them to find a suitable job. Once

~~Once~~ they have a child to care for they become less able to be self-supporting and many of them settle into a life on welfare.

c) In the years since the K.C. the employment experience of young blacks has been particularly adverse reflecting among other forces the demographic bulge, their limited employability skills, discrimination in the job market, alienation and still other adverse factors. I am enclosing a report of mine from the May Issue (1980) of Scientific American in which I review this onerous development at length.

d) Under separate cover I am mailing a recent report, Tell Me About Your School, that two of my students and I prepared on education in the ghetto (New York City) as seen through the eyes of black youngsters. It is a sad story because so many of those youngsters are eager to learn but the schools fail them.

e) Also under separate cover I am mailing a book that I recently edited and to which I contributed -- Employing the Unemployed. The chapter by Dr. Bernard Anderson bears directly on matter of your concern.

f) I do not have any special knowledge of trends in housing but on the basis of what I have been observing along the East Coast and particularly in New York, I am impressed with the following:

--- Most ghettos seem to have been thinning out, often as a result of arson.

--- Middle and upper income blacks have apparently been able to move into neighborhoods that were previously closed to them.

--- The suburbs have opened up, but only slightly.

--- The deterioration of the housing stock, especially where welfare clients are concentrated, continues apace.

--- Gentrification will place pressure on many poor urban blacks to relocate. The question is where?

g) I also have no special knowledge of police-community relations but as a participant observer in New York City as elsewhere, I am impressed by the following:

--- The uneven progress that has been made to increase the proportion of minority personnel on the police forces of the nation.

--- The importance of leadership in the City, of the police, and in the community to establish and maintain reasonable relations between minorities and the police.

--- The explosiveness that is visible even in a relatively calm community such as New York when the police injure or kill a minority person with what appears to be unjustified response on their part.

--- In the face of multiple adverse pressures in the ghetto communities it is not surprising to me that the local population periodically out of frustration reacts violently toward law enforcement authorities who represent the "establishment." The only long-term insurance against such outbreaks would be a marked improvement in the condition of life for people living in the ghetto.

II. How Do Federal Programs Aid or Hinder Solutions to Local Problems?

a) The racial problem compounded by the stigmata of poverty, etc. represent an inheritance of over 350 years. No city can on its own significantly alter in the short run the cumulative effect of such long exploitation and deprivation. The federal government can help through making resources available but it too cannot easily wipe out such cumulative pathology.

b) The critical factors that would make a significant difference in my opinion are:

--- Public commitment to change: This is weak on both the federal and most local levels. Without strong and sustained community commitment progress is likely to be two steps ahead and one back.

--- Suitable jobs: In my view no group can help to raise itself, and unless it does outsiders can help only a little, unless its members have access to suitable jobs. A high proportion of black males and teenagers have not had adequate employability opportunities. I see much of the weakness of the black family as a direct reflection of this inability of many blacks to work and be self-supporting.

--- Effective Schools: It is impossible in an increasingly sophisticated economy requiring knowledge and skills for young people to make their way into the economy unless they have the opportunity to acquire employability skills at home and in school. Currently most ghetto schools are failing a large proportion of their students and there does not appear to be any substantial improvement in sight.

c) If the foregoing identification of the principal assists that minorities require is more or less on beam one must conclude that the federal government has made at best a modest contribution to providing the conditions required for speeding amelioration. On the plus side I would place the substantially high level of job creation during most of the period since the K.C. I would also give a good mark to Affirmative Action. Title I and II of the Education Act have been helpful. But the combined force of these several actions has been much too weak to overcome the long period of serious deprivation.

d) And part of the value of the foregoing has been reduced by the large number of federal policies that have favored the sunbelt adding to the troubles of blacks in northern cities; the favorable tax treatment of house owners which have continued to draw white people out of the cities; the limited success of public housing; the many negatives of the welfare system.

e) In terms of effective use of federal funds to help the poor, including the minority poor, I would give a good mark to the Food Stamp program not as a long-term strategy for mobility but as a contribution to making life a little less bleak for those caught in poverty.

f) I regret to say that as far as MDTA and CETA are concerned which I have monitored carefully since MDTA was passed in 1962, their major contributions have been as income transfers not as vehicles for helping minorities into permanent jobs.

III. Urgent Urban Problems

a) In light of my replies in the foregoing Section II, I would place major stress on an educational improvement-job expansion effort. The President's youth bill is a step in the right direction but we need to elicit much greater participation of local leadership in bringing about significant modifications in the educational system and linking young people more effectively to the world of work.

b) More federal funding without local leadership would have a very low payoff. The PICS established under Title VII of CETA offer some hope but the critical question is whether and to what extent the white and black leadership groups will really see that they meet their challenge.

c) I see no prospect in the face of slow growth and continuing high level inflation for the federal government to appropriate very large sums that would make a radical difference in the near term on conditions in the ghetto. Unless local leaders see the explosiveness of permitting the present situation to continue -- that is to take the analysis of the K.C. seriously -- they are likely not to rise to the challenge. A much better organized and led minority could put pressure on the white leadership, but I don't see much new strength from that side.

IV. Priorities and Progress

a) The burden of my previous replies has been to point up the large gap between the problem and possible solution. If nothing dramatic changes, I do not expect any significant change in the thought and action of the key parties -- federal and local, black and whites.

b) Unless the U.S. continues to have a sustained high level of employment the prospects for minorities will worsen. Hence I would urge the federal government to do what it can to keep the economy operating at a sustainable high level of employment. This is an absolute necessity, if bad is not to become worse.

c) The total amount of federal funding for manpower and manpower-related activities is considerable. I would keep these funds targetted as best possible on the disadvantaged and I would try to use the federal dollar to improve the employability of young people, in and out of school.

d) I would hope that future presidents of the U.S. would be able to explain to the public more effectively than past presidents the close links between improving if not immediately solving the problems of minorities at home with our capacity to continue to lead the free world. If we lose the battle at home we will surely lose it abroad. But presidents can do little by themselves. They need the strong and continuing support of the populace.

V. Supplemental Observations

a) I must note for the record that while my reply has been couched in terms of blacks, I am aware of the fact that probably before the end of the century Hispanics will represent our largest minority.

b) While Hispanics currently suffer many of the same disabilities as blacks (and in the case of education the findings are even more unfavorable) their overall status is more encouraging, in fact because they are more heavily concentrated in the Southeast and West, booming areas.

c) While there are differences of opinion among urbanologists as to whether urban concentrations will weaken, stabilize or strengthen, I consider it a fair bet that with high energy costs many cities, but by no means all will make a comeback. That is already happening. However, such a revival may not yield many immediate benefits to minorities and may, as noted above, complicate their housing difficulties.

d) I consider it essential that all women have the opportunity to secure an abortion if they so desire and that this is of critical importance for teenage blacks so many of whom become pregnant.

Sincerely,

Eli Ginzberg

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Youth Unemployment

Getting work has been increasingly difficult for young Americans ever since the 1950's. Among nonwhites more than a third of the teenagers and a fifth of the young adults are currently unemployed

by Eli Ginzberg

Ten years ago I served on a task force studying the problem of unemployment among young black Americans. We came to the conclusion that the dimensions and effects of black youth unemployment constituted not merely a serious problem but a real crisis. A decade later the crisis persists. A social and economic crisis of 10 years' duration must surely be considered a catastrophe.

It will come as no surprise that unemployment weighs most heavily on blacks. For young white people the statistics are less alarming: the unemployment rates are lower. Even for young whites, however, the rates are substantially higher than they are for adults. To want work and be unable to find it is painful at any age, but youth unemployment has particular effects, both on the individual and on society. A lengthy period of frustration and enforced idleness when a person first enters the labor force can disable him or her, psychologically and in terms of experience, for later employment, with the result that large numbers of Americans fail to function effectively in the economy.

Youth unemployment is nonetheless one of those many national problems with respect to which presumably well-qualified experts disagree, both about what the facts and figures mean and about the solution. Pessimists point out that unemployment among teenagers

UNEMPLOYMENT INSURANCE is just one of the high costs of youth unemployment. The scene is a typical unemployment-insurance line, this one in New York. Other social costs of youth unemployment are alienation, violent crime and long-term job disability.

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(from 16 through 19 years old) rose from 11 percent in 1955 to more than 16 percent in 1978, or from three times the rate for adults (25 years old and over) to more than four times that rate. Alarmists emphasize the skyrocketing unemployment rate among nonwhite teenagers, which is now more than 40 percent for 16- and 17-year-olds. Yet there are optimists who refuse to be disturbed by the statistics. Some experts who acknowledge that youth unemployment is high and has risen sharply nonetheless think there is no need to be alarmed since so much of the reported unemployment is "voluntary," by which they mean that many young workers are quick to quit their jobs simply because they do not like the work or the boss or expect to find something better. Many experts believe youth unemployment is cured in time as teenagers become adults. The pessimists retaliate by pointing out that the official unemployment figures are surely understated: they do not include the many youngsters who are not actively looking for a job, in many cases simply because they are convinced they could not find one.

How is one to decide which group is right? At the human level, at least, it seems to me the answer is clear. When a few years ago a distinguished economist emphasized the curative qualities of time, I pointed out that for some young people his cure would not work: they would be dead as the result of homicide on the streets or would have been imprisoned and thereby scarred for life. To evaluate the problem more coolly, as a broad social and economic issue, it is necessary to look closely at what has happened in the past 25 years to unemployment rates for teenagers and young adults (from 20 through 24 years old).

The most important findings to be extracted from the statistics for selected nonrecession years point to an absolute and relative increase in all teenagers' unemployment and to modest increases among young adults. As far as young white men are concerned, once one disregards the 16- and 17-year-olds (the overwhelming proportion of whom are still in school) one cannot find any significant increases, although the unemployment rate is much worse than the rate for men 25 years old and over. Young white women between the ages of 18 and 24, on the other hand, did experience a significant rise in their unemployment rate. And among young blacks, both men and women, the unemployment rate almost doubled and in some cases almost tripled.

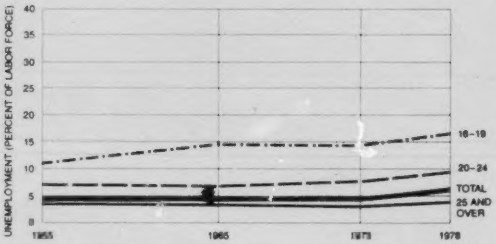
It is important to bear in mind that between the mid-1950's and the early 1970's the number of young people reaching working age each year approximately doubled, from about two million to about four million. The coming of age of the baby-boom generation coincided in part with another trend: the entry into the labor force of millions of women who had not sought work outside the home before. The conjunction of the two trends confronted the economy with a major challenge. The number of jobs did increase markedly with respect to earlier decades, but the labor force—the part of the population working or actively seeking work—increased even more. Whereas the unemployment rate reflects the failure of the labor market to provide jobs for those who want to work, another measure, the ratio of total employment to the population aged 16 and over (the *E/P* ratio), reflects the success of the labor market in providing jobs.

In spite of the big influx of young people into the labor market, reflecting the demographic bulge, the American economy was able in the case of white teenagers to create enough new jobs to enable the *E/P* ratio for that group to rise to an all-time high. White teenage females showed a one-third increase in their *E/P* ratio, reaching a level not much below that of teenage men. Young-adult white women from 20 through 24 showed an even more pronounced gain in their *E/P* ratio. Young-adult white males lost a few percentage points for reasons not immediately apparent; considering that their unemployment rate increased hardly at all, a reasonable guess is that the lower *E/P* ratio reflects a changing style of life, with a growing proportion of this group wanting to "knock around" before "settling down." Once again one must note that the experience of young blacks of both sexes was adverse. The *E/P* ratio for black teenagers declined and the trend for young adults was not favorable.

To probe below the surface of the labor-force participation of young people it is necessary to look at what proportion of them are enrolled in school. The unemployment of a 16-year-old high school junior may reflect no more than that he has lost the job he held as a delivery boy and has not yet found another. On the other hand, a 19-year-old high school dropout or graduate who is not currently enrolled in any educational or training program is likely to want (and need) a full-time job. The statistics on school enrollment warrant close scrutiny. In the first place they reveal a decline in the proportion of white men, both teenagers and young adults, who attended school in 1977 compared with the mid- or late 1960's. (The figures confirm my impression as a member of a university faculty that in the 1960's many young men stayed in school in order to avoid military service during the Vietnam war.) The experience of white women has been quite different. In every age category an increasing proportion of them enrolled in school.

The most striking gains are found, however, among black men and women. Contrary to a widespread impression, over the three decades there was a doubling or more in the proportion of older black teenagers enrolled in school. There were also gains of from three to seven times among young adults of college age. Without getting sidetracked from the main concern, it should be emphasized that in 1977 a larger proportion of blacks than of whites aged 18 through 24 were enrolled in school. No other social indicator linked to family income demonstrates a more favorable condition for blacks than for whites. The following figures shed some light on this anomaly.

In 1977 of the 30.5 million whites between the ages of 16 and 24, 18.6 million were employed, for an *E/P* ratio of 61 percent; the unemployment rate among this white group was 11.3 percent. The figures for blacks were quite different. Their *E/P* ratio was only 37 percent and their unemployment rate was 33 percent. There is some support in these data for the view that, confronted with poor



YOUTH UNEMPLOYMENT RATES are compared with the total U.S. rate (for the entire labor force 16 years old and over) and the rate for adults (25 years old and over). The data are for four nonrecession years. The rate is higher for both teenagers (16 through 19) and young adults (20 through 24) than for adults, and the rate for teenagers has risen particularly sharply.

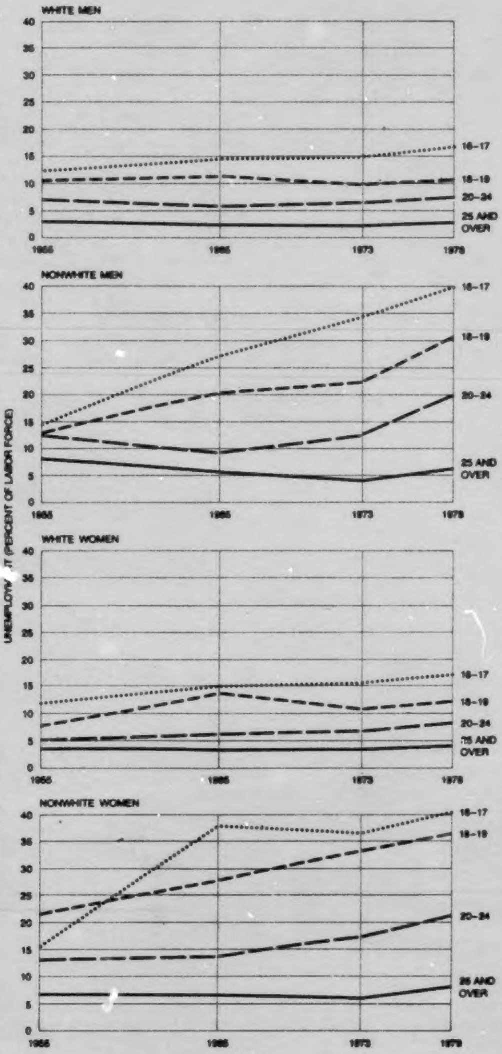
job prospects, more blacks prolong their education, but the fact is that school enrollment has never been determined primarily by employment opportunities.

Young people enrolled in school who are also in the labor force are overwhelmingly interested in getting part-time or part-year employment. Their major commitment is to school. Hence what the differentially lower *E/P* ratios and higher unemployment rates for blacks compared with whites reflect is a shortfall in the ability of blacks to find part-time work. The situation is different in the case of those who are no longer in school because they dropped out or were graduated and who are not pursuing any formal education or training program. The reasonable assumption is that most people in this group (although not all) are interested in finding a regular job. If one looks at the employment status of the nonenrolled group between the ages of 16 and 24, several points become clear: the strikingly lower *E/P* ratio among dropouts than among graduates, with only two in five of the black dropouts holding a job; the relatively low unemployment rate for white graduates, and the high rate (three times higher) for black graduates.

A review of the trend data and of additional information reflecting conditions in the labor market at the end of the 1970's reveals support for both the pessimists who warn about the deteriorating position of young people in search of work and the optimists who minimize the issue. As far as the teenage population is concerned the unemployment rates have worsened, but the *E/P* rates are at an all-time high. For young white adults the data show little deterioration; for young white women the *E/P* ratio rose by about a third in the past two decades. On almost every score, however, the situation of young blacks (teenagers and young adults, men and women) is worse in terms of the *E/P* ratio, the unemployment rate or both.

Many different (and often contradictory) explanations are offered to account for the trends reviewed above. One with the widest currency holds that a rise in the unemployment rate reflects a loss in the "work ethic." Young people are said to be less willing than their fathers and grandfathers were to take a job—any job—that is available. Clearly, however, this theory cannot be squared with the rise in the *E/P* level.

Critics of the performance of the



BREAKDOWN OF RATES by race, sex and age shows which groups have been hit hardest. Unemployment is somewhat worse for women than for men, has risen most sharply for youngsters 16 and 17 years old and is much higher for blacks and other nonwhites than it is for whites. Data are for the same recession years as in the preceding illustration.

American economy emphasize that it has been running slack for many years, with an unemployment level far above the 3 or 4 percent said to define "full employment." In their view this slackness means there cannot be enough jobs to go around and young people with the least training and experience are likely to be left at the hiring gate. There is something to this view, but not a great deal: in the four years from early 1975 to 1979 the economy created 12 million new jobs, and still youth unemployment was high and black youth unemployment was very high.

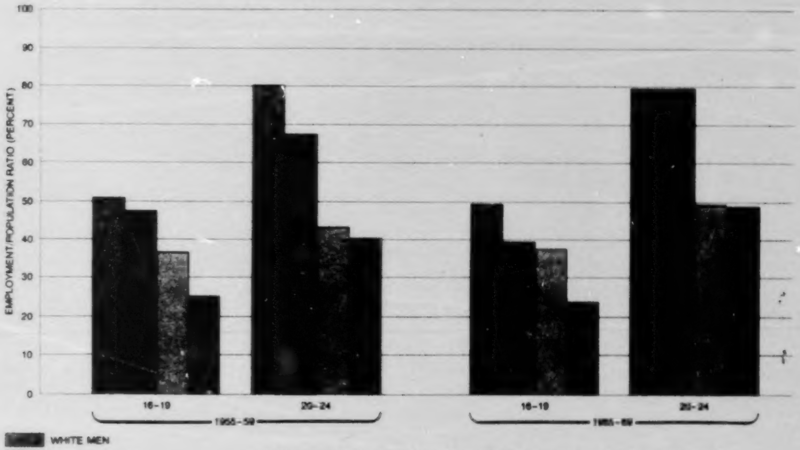
There are those who believe the youth unemployment problem is largely a self-inflicted wound reflecting a serious error in public policy: the raising of the minimum wage to a level where employers no longer find it profitable to hire young people. This hypothesis explains too much. With the *E/P* ratio at an all-time high employers are clearly hiring large numbers of youths. Moreover, the relation between what employers must pay a young person and what they must pay an adult has not changed in favor of the young over the past several decades, and it is the relative wage that determines employers' preferences. The only thing one can say for the minimum wage in this context is that it has not been helpful to some small number of young job seekers.

Two more proposed explanations should be noted briefly. The first stresses the lack of orientation to work and the limited competence that characterize many young people, particularly among minority populations in the inner city. Although some youngsters are indeed poorly prepared for work, the striking gains in the enrollment of blacks in school must be considered before placing too much weight on this explanation. Another hypothesis with wide currency is that many inner-city youngsters prefer to work at a somewhat questionable occupation rather than at a dirty, low-paying job; they can earn more in less time and do not have to submit to the discipline of the work place. This hypothesis cannot be squared with the minimum-wage explanation. If young people prefer to work at a questionable occupation rather than accepting a job at the present minimum wage, surely they would be even more likely to do so if the available jobs paid less.

Clearly there are more hypotheses than there are phenomena to be explained. Considering the large inflow—the doubling in the number of young people reaching working age—the rise in the *E/P* ratio for all teenagers in the past 25 years must be put alongside the rise in the unemployment rate. And the very small increase in the unemployment rate for young white adults (20–24) suggests that for most whites time does take care of most of the problems stemming from inability to find jobs as teenagers. This relatively optimistic interpretation surely does not hold for blacks, however. A great many young black men and women are having serious difficulties in the labor market. This is the phenomenon that requires close attention.

Let us look more closely at what the statistics indicate about the employment problems of young blacks. Teenage black males have unemployment rates of from 30 to 40 percent, more than double the rates for whites. Young black men and women (20–24) have unemployment rates of about 20 percent, from two and a half to three times the rates for their white counterparts. The *E/P* ratio for teenage black males dropped from 48 to 30 percent between the late 1950's and the late 1970's; meanwhile the rate for whites increased from 51 to 56 percent. The *E/P* ratio for teenage black females slipped from 25.2 to 23.5 percent over the past 25 years as the rate for whites advanced from 36.9 to 48.7 percent. Among young adults the *E/P* ratios for whites average about 15 percentage points higher than those of their black counterparts.

There is only one way to read statistics such as these. A disproportionately large number of young blacks are having serious and prolonged difficulties gaining a foothold in the world of work. What is worse is that many of those who encounter serious difficulties in their formative years (from 16 through 24) fail to acquire the experience, training,



EMPLOYMENT-TO-POPULATION RATIO is the ratio of employed people to the total population aged 16 and over; it reflects the ability of the economy to provide new jobs for a growing population. The average *E/P* ratios in three five-year periods and the ratios in 1978 are given here for each of eight population groups. For white teenagers the ratio has risen; it competences and credentials that would earn them a regular job yielding a reasonable income in their adult years.

The long-term consequences of the widespread difficulties encountered by black teenagers and young adults in the labor market are reflected in the job experience of the age cohorts 25 through 29 and 25 through 34. In 1978 nine white veterans in 10 between the ages of 25 and 29 were employed but only eight in 10 black veterans. Of the nonveteran population 92.5 percent of the white men and only 80.4 percent of the black men were employed. If one looks at the work experience and earnings of 25- and 26-year-old noncollege men, one finds that in the course of the year whites worked 47 weeks and blacks worked 43; the hourly pay of whites was almost half again as much as it was for blacks ($6.98 v. $4.79), and the estimated annual earnings of white males of $13,100 were about 60 percent higher than the $8,200 earned by black males.

If one broadens the perspective to look at the income differentials for the entire cohort aged 25 through 34, one finds that the mean earnings of white men were only $12,400 compared with $10,200 for blacks, a spread of 18 percent. The comparable data for those who worked full time for the full year show earnings of $14,900 for white men compared with $12,400 for black men, a spread of 16 percent.

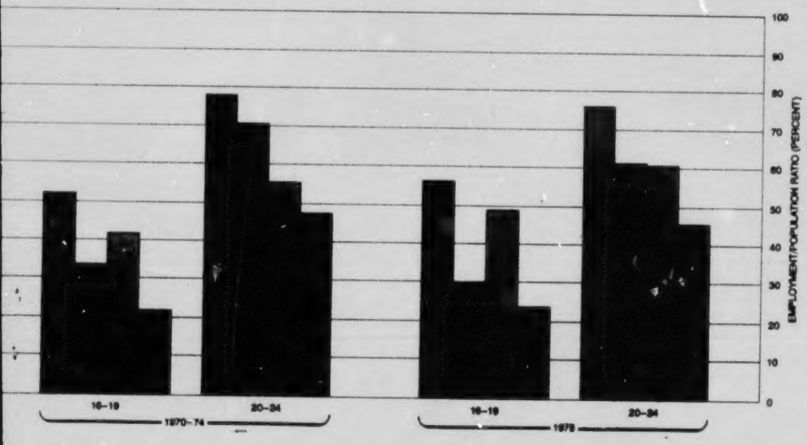
Although many blacks have succeeded in the past two decades in moving out of the less desirable occupations (those with the lowest pay, the highest unemployment rates, the least security and the fewest career opportunities), blacks are still heavily overrepresented at the lower end of the total distribution: one in three is employed as a service worker or laborer, and only one in six whites.

All these findings (and they could be added to) point to one simple conclusion: the poor experience of blacks in the labor market during their late adolescence and young adulthood leaves them permanently disadvantaged.

Although this emphasis on black youths is justified by the appalling facts about their high unemployment rates and their low labor-force participation, they are not the only vulnerable group. Young whites outnumber black and other minority young people by about nine to one, which means that most of the young people who are in trouble are white. Moreover, young Hispanics also have particular disabilities in the labor market. Their experience, in terms of unemployment and labor-force participation, falls about midway between that of whites and blacks, but the lack of long-term data specifically for Hispanics makes it impossible to analyze their situation in more detail.

The American economy is increasingly a service economy. Only about one job in three is in the production of goods, that is, in agriculture, manufacturing, mining or construction. Many, if not most, jobs in the service sector require some literacy, facility with numbers and communications skills: competences most young people acquire in school. Approximately one black youngster in four currently fails to graduate from high school. For many of them effective schooling really stops long before they leave or are pushed out, since a significant proportion become truants by the time they are 12 or 13 and many who remain in school pay little or no attention to their studies. To make things worse, many harassed teachers make no serious effort to teach.

Many minority children, brought up in homes without a father, often by a mother who cannot or for other reasons does not work, and living in neighborhoods where few people who do go to work regularly have much to show for it, see little point in taking school seriously or believing it can help them to get a job that will lead anywhere. If their early job history and work experience confirm their pessimistic expectations, many give up. Many white youngsters are introduced by a parent, a relative or a friend to an employer who is looking for workers. The path is smoothed for them; at least they will be interviewed. This is not the case for those black youngsters whose deviant dress, appearance and speech are likely to prevent their receiving an application form even



has risen sharply for white young-adult women and has declined a little for white young-adult men. Among nonwhites the ratio for male teenagers has declined sharply, as has the ratio for young-adult men in recent years; for women the trend is less pronounced. Data were developed by Robert L. Lerman of U.S. Department of Labor. Even when *E/P* ratio is favorable because proportion of the population 16 and over who have jobs is growing, unemployment will rise if labor force (those actively seeking work) grows faster than that population.

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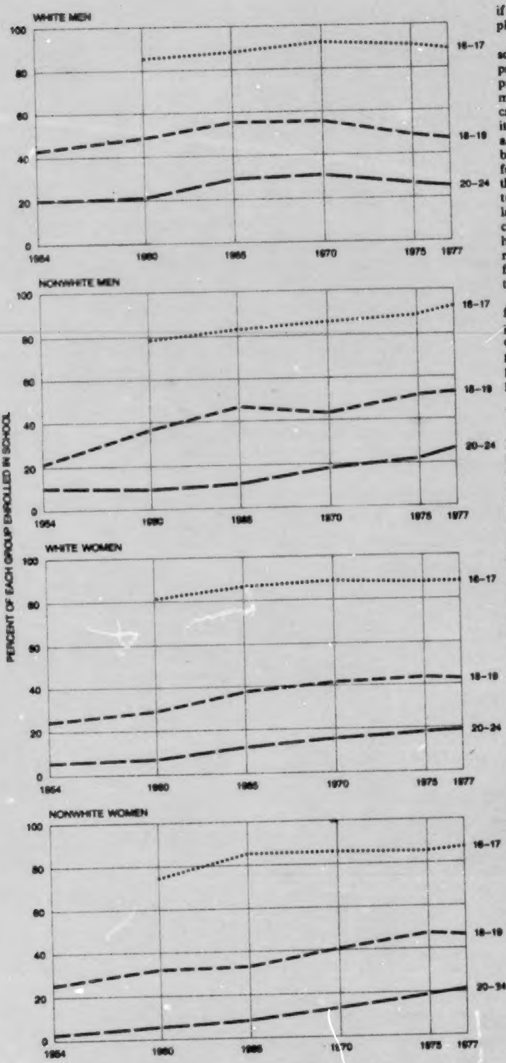
if they can get to an office where employers are interviewing.

Although many large employers have sought in recent years to increase the proportion of minority people on their payroll, that effort has surely not been made by many smaller employers. Discrimination in the job market, although it is less blatant, is still strong, and it adds markedly to the troubles young blacks face, particularly if they have inferior preparation for employment. And the steady out-migration of manufacturing jobs from the inner cities, where large minority populations are concentrated, to the suburbs and beyond has surely compounded the difficulties many young blacks (particularly men) face in getting a job they could do and that pays reasonably well.

The shift to services, poor preparation for work, lack of family support, employer discrimination and the relocation of manufacturing jobs all add up to suggest to black teenagers a self-fulfilling prophecy: Why bother? Society has no place for us.

What has the country tried to do to help these disadvantaged minority youngsters get a better start in life? Beginning in 1964 Congress has provided a sizable sum of money each summer (now in the $1-billion annual range) to provide work experience for disadvantaged young people of high school age. The youngsters are assigned eight-week jobs for which they are paid the minimum wage. Some of them learn something, many learn little. Some learn the wrong thing: that they can be paid without doing any productive work. Congress has looked on the Summer Youth Employment Program primarily as a way to "keep the cities cool."

Also started in 1964 was a small, expensive program (originally about $10,000 per person per year): the Job Corps. It is intended for the most disadvantaged youths, some tens of thousands of whom are offered an opportunity every year to enter a residential center where they receive remedial education, work orientation, skill instruction and help in pursuing further training or finding a job. In the case of those who are mature enough to complete most or all of the program, various evaluations suggest that the Job Corps is a worthwhile experience for both the individual and the nation. The Job Corps has been spared the distortion that afflicts most manpower programs as a result of the bargaining process that goes on in Congress: the tendency to "entitle"



SCHOOL-ENROLLMENT TRENDS have effects on youth unemployment. The percent of each age group that is enrolled in school has risen most sharply for nonwhites, perhaps in part because of difficulties in finding work.

so many potential recipients that the Federal funds come to be spread very thin, with the result that shallow services are provided for most enrollees.

The enactment in 1973 of the Comprehensive Employment Training Act (CETA) resulted in the consolidation of many Federally funded training and employment programs, including those intended for young people, usually under the authority of a state or local government acting as a "prime sponsor." The prime sponsors appear to have improved considerably the job experience offered by the Summer Youth Employment Program last year. Clearly, however, this is a limited program that can at best provide temporary jobs for a small proportion of the young people who need them.

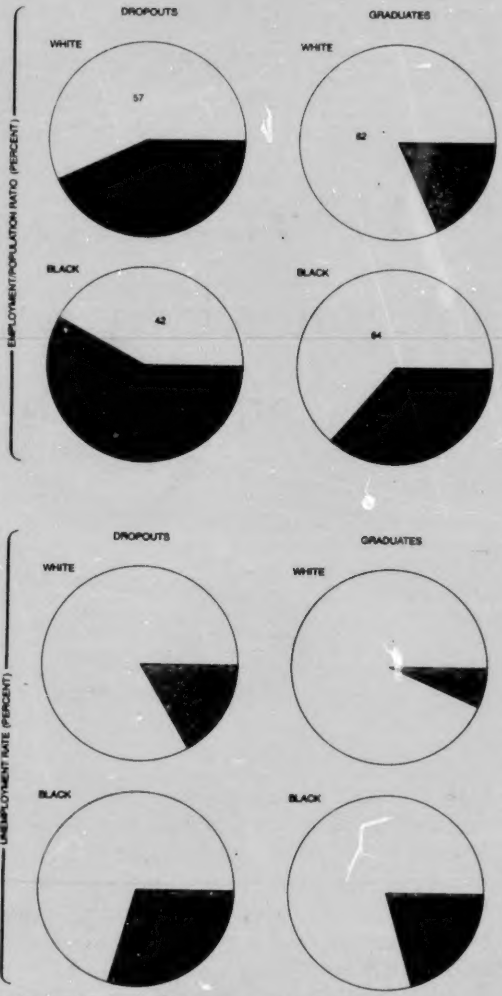
What more can be done? Last December, after a year and a half of study, the National Commission for Employment Policy made modest suggestions to the President and Congress:

1. A substantial number of young people, particularly those who come from minority-group families with low income and who have failed to acquire a high school diploma, face serious difficulties in making the transition from school to work. Unless their educational deficits can be reduced and eliminated, preferably while they are still in school, many will not be able to find and hold a regular job.

2. Only intensive programs, such as the Job Corps, that provide a broad range of services, including educational remediation, skill training and placement assistance, can be expected to reverse the cumulative disadvantages young people who are out of school and without the prospect of a job have faced since birth.

3. The Equal Employment Opportunity Commission should direct the attention of employers who want to expand their proportion of minority and female employees to the continuing supply of young people who complete remedial education and skill training. The Federal Government should explore the potentialities of including in its grant-in-aid programs and contracts an employment requirement that would involve a commitment on the part of recipients to hire a percentage of job-ready disadvantaged young people.

There is no one way, and surely no easy way, to bring minority youth unemployment down to an acceptable level, which is to say close to the level for whites. If the American people do not want to continue to pay the current high cost of such unemployment in terms of alienation, violence against people, theft of property, arson and suicide, and still higher costs to come, they surely have no option but to focus on its remediation until it is no longer a national scandal.



EMPLOYMENT STATUS in 1978 of whites and nonwhites aged 16 through 24 is given here for school dropouts and for high school graduates. The *E/P* ratio is lower and the unemployment rate higher for dropouts than for graduates. Among blacks only about two dropouts in five have a job; unemployment rate for graduates is three times worse than it is among whites.

3

BERNARD E. ANDERSON

How Much Did the Programs Help Minorities and Youth?

INTRODUCTION

EMPLOYMENT and training programs have been characterized by continuously changing objectives. At the time of their inception, during the early 1960s, such programs were developed to provide new job skills to help reduce long-term unemployment among experienced members of the work force who had lost their jobs as a result of automation and technological change. In recent years, however, such programs have assumed increasing importance as instruments to help reduce racial inequality in economic life. This chapter will attempt to explain how much employment and training programs have contributed to improvement in the relative labor-market status of minorites and youth, and why, despite large expenditures on manpower programs, minorities and youth continue to occupy an unfavorable position in the labor market.

This discussion is based on a review of policy-development and program-implementation experience and the evaluation literature that measures the impact of manpower programs on minorities and youth. Although programs developed and implemented during the 1960s will be discussed, most emphasis will be placed on the experience during the last decade.

The scope of the topic is broad and it is difficult to distill from the vast literature the information specific to only a segment of the participant population. For this reason, the discussion will focus on the most general themes and the most clear-cut results.

Furthermore, because of serious limitations in the availability of data on Hispanics and other non-black minority groups, many comments concerning "minorities" will refer primarily to blacks. Hispanic minorities face some problems, such as language difficulties and the influence of recent immigration, which make their labor-market experiences different than those of other minorities. When viewed in broad perspective, however, the labor-market experiences of the black and Hispanic minority groups are similar, that is, each is characterized by relatively high unemployment, lower incomes, and less favorable occupational status than that among majority-group workers.

Based on a review of the evidence, several major conclusions can be stated:

- Selective employment and training programs are now widely recognized, and accepted, as important social policy instruments for helping achieve the objective of full employment. While fiscal and monetary policies still play the major role in determining overall economic performance, employment and training programs are seen as necessary for achieving efficiency in labor-market operations and equity in the distribution of employment opportunities
- Minorities and youth have emerged as major target groups for participation in government employment and training programs. In the last several years, significant efforts have been made to direct an increasing flow of employment and training resources toward the employment problems of minorities and youth.
- Government employment and training programs have helped improve the economic status of many minority adults and youth, but how much such programs have contributed to the improved economic status of these groups relative to others in the labor market is less clear. Still, the consensus of most carefully designed and executed studies is that program benefits exceed costs, suggesting that employment and training policy is a useful social investment.

The discussion below will provide support for these assertions. It might be useful, however, to comment upon some of the major trends and institutional forces that influence the perception of racial inequality in economic life and to set the framework for identifying "appropriate ways" of dealing with the problem through labor-market policy. These features of the policy-formulation and program-implementation environment have special significance in understanding the government's response to the labor-market difficulties of minorities and youth.

POLICY FRAMEWORK FOR MINORITIES AND YOUTH

First, the rate of unemployment among minorities and youth significantly exceeds that of other groups. In both good times and bad, the unemployment rate among blacks has been about twice that of whites. A similar disparity is evident in the unemployment experience of Hispanics, for whom the statistical evidence is not as complete as for blacks, but who are gaining increasing attention from policymakers because of, among other reasons, their rapid increase in numbers. Minority-youth unemployment rates are now and have for many years been very high relative to both adults and other youth. In addition, the withdrawal from participation in the labor market is a serious problem among a significant proportion of minority-group youth, thereby making the reported unemployment rate an understatement of wasted human resources.

Second, the minority and youth unemployment experience is substantially affected by structural barriers in labor markets, as compared with deficiencies in the aggregate demand for labor. To a considerable extent, minorities and youth are jobless because (1) they are disproportionately concentrated in areas where job opportunities have declined as a result of outmigration of industry and technological change; (2) their educational attainment and job skills are incompatible with employer hiring requirements; and (3) they are the victims of racial, and often age, discrimination. These and still other factors contribute to structural unemployment, that is, unemployment that tends to be long-term and persistent. Such unemployment is more likely to be responsive to selective remedial approaches than to generalized economic stimulus, especially when the latter policy is inhibited because of high inflation.

Third, a widely accepted approach to dealing with problems of racial inequality in economic life is to improve the opportunities for minorities to compete in the marketplace. One alternative to this strategy, of course, might be to compensate minorities for past discrimination and to give them a monetary payment sufficient to equalize their income and that of other persons of similar age, education, work experience, and family responsibilities. The strategy of income equalization through monetary transfers, however, has never been accepted as a legitimate approach for reducing racial disparities in income distribution. Large income transfers, moreover, might have to be continued for a very long period before minorities would be able to compete effectively for their share of the good jobs.

The preferred approach is to improve the investment in the human capital of disadvantaged minorities in order to enable them to compete on more equal terms in the labor market. This strategy is broad enough to encompass a wide range of specific program approaches. The common feature of such programs, however, is their focus on improving the labor supply.

In recent years direct job-creation programs have become a major component of employment and training policy. Such programs provide for hiring the unemployed in temporary jobs in state and local governments. The jobs created by the programs can affect the minority and youth unemployment rate, but only if the programs are heavily targeted toward areas in which the minority and youth unemployed are concentrated. Experience has shown the difficulty in targeting job-creation programs in ways that would have a major impact on minority and youth unemployment.

Fourth, almost since the beginning of major federal initiatives in the employment and training field, minorities have been heavily concentrated in programs of short duration characterized by little substantive training content. For example, during the 1960s the vast majority of minority youth who participated in manpower programs were in work-experience programs, such as the Neighborhood Youth Corps. The training content of such programs was very limited, or often nonexistent, and as a result, many youth failed to acquire skills that would improve their labor-market position. This experience reduced the potential for program participation to contribute significantly to improvements in employment and earnings of minorities.

Finally, a major development affecting labor markets during the past two decades was the rapid growth in labor-force participation among women, especially married women. In 1962, the year in which the first major manpower-training effort was initiated, somewhat more than one-third of the female population was in the work force. Less than two decades later, that proportion had increased to about one-half. During that period 18 million women entered the labor force, and by 1979, 16 million had joined the ranks of the employed.

Although the evidence on labor-market competition between women, minorities, and youth is far from conclusive, it is likely that efforts to expand the job opportunities of minorities and youth have been affected by the rapid growth in female labor-force participation. Specifically, labor markets were experiencing major adjustments to accommodate the increased participation of women at the same time employment and training programs were turning toward a focus on minorities and youth. This development undoubtedly made more difficult the task of improving the relative labor-market position of minorities and youth.

SHIFTING PROGRAM GOALS AND STRUCTURE

The Manpower Development and Training Act of 1962 (MDTA), the foundation of selective-employment policy, provided for training opportunities and labor-market services for the long-term unemployed, administered largely through skills centers operating in cooperation with local offices of the U.S. Employment Service. Relatively few minorities and youth participated in the programs at that time, in large part because the unemployment problems of these groups had not yet become an issue of major national priority.

Civil Rights and the War on Poverty

The shift toward greater concern about the employment problems of minorities and youth occurred in the wake of the civil-rights movement and the increased interest during the mid-1960s in reducing poverty. Increasingly, the MDTA programs were adjusted to be more responsive to the national goal of equal employment opportunity, and new legislation, the Economic Opportunity Act of 1964, was enacted to speed the reduction in poverty. These policy developments made available more resources for attacking joblessness among minorities, but the scale of effort, and the nature of training and job programs, were generally unequal to the task.

For example, between 1965 and 1972, there were about 1.8 million participants in the MDTA institutional and on-the-job training programs. These were programs that placed the greatest emphasis on training for the development of marketable job skills. Minorities represented about one-third, and youth (that is, persons under age twenty two) about two-fifths of the participants in such programs.

In comparison, during the same period, there were about 5 million participants in the in-school and out-of-school components of the Neighborhood Youth Corps (NYC), a part-time work-experience program developed under the Economic Opportunity Act. In addition, each year during this period approximately 500,000 youth participated in the summer NYC programs with the number of youth and programs increasing each year from 1965 to 1972. These programs were more and more concentrated on urban minority youth, especially after civil disorders erupted in 1966 and 1967. The universe of need, however, exceeded by several times the number of training opportunities available in manpower programs.

As employment and training policy turned more toward the employment problems of the disadvantaged, the content of the programs gradually changed. Relatively less emphasis was placed on institutional training of the type most prevalent when experienced workers were being retrained for new occupational careers. A much broader range of services, including outreach, basic education, prevocational training, counseling, job development, and supportive services was offered. The more diverse service mix was developed in response to the special problems of the disadvantaged, many of whom had no previous work experience and often had inadequate basic educational skills and little motivation for participation in manpower programs. The panoply of programs developed varied widely in service, quality, and content, and many did not emphasize the acquisition of marketable job skills.

The Job Corps

The Job Corps was the first program with training content that was strongly focused on minorities. This program, created under the Economic Opportunity Act, was intended to provide training opportunities for the most disadvantaged low-income youth, who were in serious need of basic education, vocational training, work experience, and counseling. The early Job Corps program emphasized residential skills centers where youth would have the opportunity to receive training away from their community. The residential centers, however, proved to be expensive to maintain and somewhat controversial when located in communities that were apprehensive about the presence of large numbers of urban disadvantaged youths. Because of these difficulties, the U.S. Department of Labor shifted toward greater emphasis on nonresidential centers during the early 1970s.

From its inception through 1972, the Job Corps had a 60 percent black enrollment, with other minorities accounting for about 10 percent of the participants. Program enrollment has continued to reflect similar minority participation even through the doubling in size of the Job Corps from 22,000 to about 44,000 available positions in 1978.

Other Programs with Substantial Minority Enrollment

In addition to their prominent participation in NYC and the Job Corps, minorities also represented a sizable proportion of enrollees in the Concentrated Employment Program (CEP) (73 percent), National Alliance of Businessmen/Business Sector (NAB/JOBS) (69 percent), and the Work Incentive Program (WIN) (44 percent) before 1973. These programs were conceived in an environment of heightened national attention to the problems of unemployment and poverty among the disadvantaged and concern about ways to reduce welfare dependency.

The CEP program was designed to focus manpower training and employment services on disadvantaged persons located in areas with a high incidence of poverty. It was heavily concentrated in sections of cities where minorities represented a large proportion of the total population. The objective was to improve the coordination among manpower service delivery agencies in such communities in order to maximize the impact of available resources on persons in greatest need.

Similarly, the NAB/JOBS program was stimulated by the federal government to persuade the private-sector employers to hire more disadvantaged persons. The program, like CEP, was focused strongly on cities with serious problems of minority and youth unemployment. Employers were encouraged to "hire, train, and retain" the disadvantaged unemployed, with financial subsidies from the federal government if necessary.

Likewise, the WIN program, authorized by an amendment to the Social Security Act of 1967, provided opportunities for job training, counseling, and job placement for persons receiving aid to families with dependent children. The goal of the program was to reduce welfare dependency by increasing the employability of welfare recipients. Although most welfare recipients were not members of minority groups, a disproportionate number of minorities experienced welfare dependency. As a result, almost from its inception, the WIN program included large numbers of minority women.

Finally, in 1968, the U.S. Department of Labor organized the Apprenticeship Outreach Program to increase the participation of minorities in the apprenticeable skilled trades, especially in the construction industry. Studies by F. Ray Marshall and Vernon M. Briggs analyzed the major barriers to full participation of minority youth in the apprentice occupations, and they also identified several program approaches that seemed useful in expanding job opportunities for minorities. The major feature of AOP was the effort by selected local community organizations to seek out interested and potentially qualified minority youth and to help them meet the requirements for admission into apprentice programs. From the inception of AOP through

1972, about 22,000 minorities, mostly under age twenty-two, participated in the program. In all, about 700,000 black and other minorities participated in CEP, WIN, and NAB/JOBS as of 1973. Hispanics also participated in these programs, but reliable data on their enrollment is not available.

Community-based Organizations

Another approach pursued in an effort to reach minorities was federal government support of training and employability-development services provided by community-based organizations. Such organizations typically served a predominantly minority clientele, and, for that reason, could help achieve the program targeting objectives, which increased in importance during the late 1960s and the 1970s.

Some community-based organizations, such as the National Urban League, had been in the employment service field for some time. Others, such as the Opportunities Industrialization Centers, SER, and Recruitment Program, were organized during the 1960s as expressions of the desire by minority groups to play a larger role in designing and implementing programs to improve the status of their members. The role of such organizations in the service-delivery system steadily increased, and today, the CBOs are among the major providers of employment and training services for minority participants.

Comprehensive Employment and Training Act (CETA)

In 1973, the Congress enacted a new employment and training policy that reversed the previous emphasis on categorical programs and moved toward a decentralized system. Under CETA, state and local jurisdiction (prime sponsors) gained the authority and responsibility to design employment- and training-service plans for their communities. When approved by the federal government, the plans were expected to be implemented through services provided by the prime sponsor or by other agencies and organizations operating under contract with the prime sponsors. The central purpose of the new policy was to make local political leaders more responsible and accountable for the expenditure of employment-training funds in their communities.

Program Mix

Although the administrative arrangements for implementing employment and training policy changed under CETA, a major change in the content of programs occurred only in the job-creation component of the new policy. Shortly after the new act was adopted, the nation entered a serious recession that led to a sharp rise in unemployment. In response to this development, the Congress passed the Emergency Jobs and Unemployment Assistance Act of 1974, authorizing expenditures for 300,000 public service jobs. The jobs were distributed among areas experiencing high unemployment due to the recession and not to the joblessness that emerged from structural imbalances in labor markets.

Comprehensive manpower services under CETA bore close similarity to previous programs. There was a mixture of classroom training, outreach, counseling, remedial education, and supportive services. On-the-job training programs were less visible in comparison with pre-CETA practice, but in general, the early CETA programs largely continued old practices in a new administrative setting.

Most important for our purposes, the participation of minorities in CETA programs continued at levels similar to previous experience. (See Table 3–1.)

Minorities accounted for about two-fifths of enrollees in comprehensive manpower services. Likewise, minority participation (black and Hispanic) in the Job Corps was about two-thirds, and in the counterstructural public service employment program, about one-fourth—both proportions similar to minority enrollment in such programs before CETA.

Youth Employment Programs

In 1977, the Congress enacted the Youth Employment and Demonstration Projects Act (YEDPA), authorizing the expenditure of $1.5 billion for programs to serve about 200,000 unemployed youth. Under YEDPA, several different approaches to youth employment problems were followed:

1. Youth Incentive Entitlement Pilot Projects (YIEPP), an experimental program in seventeen communities throughout the nation to test the feasibility of increasing school retention through guaranteed jobs.
2. Youth Community Conservation and Improvement Projects (YCCIP), to provide disadvantaged, mainly out-of-school youth with opportunities for job training through work or community-betterment projects.
3. Young Adult Conservation Corps (YACC), for youth to perform conservation on public lands, and
4. Youth Employment and Training Program (YETP), to provide comprehensive employability development services, mainly to school youth.

The purpose of YEDPA is to test the effectiveness of the alternative approaches to youth employment problems in order to determine what works best for whom. The act is being implemented primarily by prime sponsors, but there is also a large experimental and demonstration component funded out of the secretary of labor discretionary funds. In addition to

TABLE 3–1

Selected Enrollee Characteristics in Major Employment and Training Programs, Fiscal Year 1977

Program	Total Enrolled	Percent					
		Minorities		Sex	Youth	Education	On Public
		Black	Other	Women	Under 22 Yrs.	Under 22 Yrs.	Assistance
1. CETA							
Title I – Comprehensive Manpower Services	1,416	34.7	5.2	48.5	51.7	49.8	26.5
Title II – PSE	353	22.9	3.5	40.0	20.3	22.5	13.8
Title III – Migrants	260	46.6	20.3	43.9	48.8	88.6	NA
Indians	50	0.1	3.9	48.8	22.4	49.8	17.0
Summer Programs	907	48.0	4.3	46.4	100.0	83.3	47.5
Title IV – Job Corps	41	53.6	1.8	31.3	100.0	85.4	26.5
Title V – Emergency Jobs Program	593	25.9	3.3	35.9	20.3	27.1	18.4
2. WIN	272	38.7	2.8	72.5	15.7	59.0	100.0
3. Apprenticeships	255	9.4	2.5	1.7	NA	NA	NA
4. Employment Service	15,817[a]	28.6[b]	NA	44.7	26.9	NA	NA

a. Applications taken
b. Minorities

SOURCES:
National Commission for Manpower Policy, *CETA: An Analysis of the Issues*, Special Report No. 23 (Washington, D.C.: May 1978), Table 3.
U.S. Department of Labor and the U.S. Department of Health, Education and Welfare, *Employment and Training Report of the President* (Washington, D.C.: 1978).

the development of the new programs listed above, the U.S Department of Labor was authorized to double the size of the Job Corps.

As of mid-1979, program enrollment data revealed that blacks accounted for about half of all persons participating in YEDPA programs. Black and other minority enrollment was especially high in YIEPP and YCCIP. Relatively fewer minorities participated in YACC, but the proportion was still higher than the minority youth proportion of all unemployed youth. In addition, programs funded under the secretary's discretionary funds were heavily targeted toward black and Hispanic youth.

ASSESSING PROGRAM IMPACT ON MINORITIES AND YOUTH

Two factors are most important in assessing the impact of employment and training programs on minorities and youth: (1) general trends in the economy at large, especially labor demand, and (2) the experiences of minorities and youth enrollees compared with similar persons who did not participate in such programs. Limited information about both factors make it difficult to draw firm conclusions about how much labor-market programs helped minorities and youth.

Economic Conditions

Employment and training programs operated in somewhat different labor market environments during the pre-CETA and CETA periods. Between 1966 and 1973, the period when increased concern with minority and youth labor-market problems emerged, the rate of unemployment for the work force at large averaged 4.5 percent; employment grew at an average of 1.9 million jobs per year; and the labor force grew by 17.1 percent. In comparison, from 1973 through 1977, the unemployment rate averaged 7.2 percent, total employment grew by 1.5 million per year, and the labor force increased by 9.8 percent. Thus, during the CETA years, the national economy has had a relatively high rate of unemployment, but has also shown both vigorous job-creation and labor-force growth. The dilemma in labor markets during recent years has been the rapid growth in the number of persons who want jobs (including minorities and youth), together with [illegible]d growth in job opportunities, but only modest improvement in the wide gap between the unemployment experience of minorities and youth groups. During 1977, for example, the economy produced slightly more than 3 million additional jobs. In that year, the black unemployment rate remained at 13.1 percent, while unemployment among whites fell from 7.0 to 6.2 percent. Similarly, unemployment among black youth showed little change despite the vigorous job growth.

To a considerable degree, the persistence of unemployment among minorities, and especially among minority youth, in an environment of rapid job creation reflects the seriousness of structural barriers to greater employment opportunity for the disadvantaged. The stickiness at a high level of the minority and youth unemployment rate also reflects labor-force growth among these groups that exceeds their rate of employment growth. Minority youth, for example, had vigorous employment growth during 1978, but their unemployment rate remained much higher than that of other youth. Employment and training programs are likely to benefit such groups primarily by targeting heavily upon them and improving their competitive position for opportunities in the labor market relative to that of other claimants.

One aspect of the problem that deserves increased attention is the location of employment growth. Increasingly, studies of minority and youth employment problems have identified the limited job availability in inner city areas as a major factor contributing to persistent unemployment among such groups. Employment and training programs that have job-creation features, such as part-time work experience and public service employment, can help ease minority and youth unemployment if they are aimed at areas where such unemployment is concentrated. Indeed, some observers have suggested that the YEDPA and summer youth employment programs accounted for the entire net growth in minority youth employment during 1978. One need not accept such estimates uncritically to recognize the value of careful targeting of employment and training opportunities as a device for improving the employment prospects for minorities and youth.

The Evaluation Evidence

In order to determine the unique contribution of employment and training programs toward improving the labor-market status of any group, it is necesssary to compare program enrollees in that group with similar persons who did not participate in the programs. Unfortunately, only limited evidence of this type is available on minority and youth enrollees. Many studies of employment and training programs either included no comparison group or included too few minorities and youth to permit a separate evaluation of their relative benefits.

Most of the evidence on programs in operation before CETA has been summarized in detail elsewhere and need not be reviewed here. The general conclusion about the pre-CETA programs, however, is that those offering skills training (institutional and O-J-T) showed some beneficial impact for minorities and Apprentice Outreach Programs showed significant earnings gains.

Evidence from an analysis of program operating statistics showed that, on average, blacks earned less than whites, and women less than men, when posttraining hourly wages are considered. On the other hand, both blacks and women experienced larger gains in hourly earnings over their pretraining level than did white males, with the largest relative gain recorded by black women in CEP, WIN, and the Job Corps. Still, even after program participation, black women, as a group, had the lowest earnings of either race or sex group.

Furthermore, the evidence on pre-CETA programs suggests that employment and training programs had a limited positive effect in reducing some of the labor-market barriers facing minorities. For MDTA, AOP, Job Corps, WIN, and NAB/JOBS, however, incomplete and often anecdotal data, while not conclusive, still suggest that some minorities gained access to better-paying, more stable jobs as a result of participation in these programs. The full magnitude of these benefits, however, cannot be estimated because no program operated with a carefully designed information system that would make postprogram evaluation possible.

Recent Evidence on Program Impact

In recent years, evaluation studies have been improved, both by including larger samples and by using more appropriate benefit-measurement techniques. These studies provide additional evidence about the impact on minorities and youth of a small number of programs.

A review of evaluation studies summarizing recent research on MDTA and other pre-CETA programs concluded that adult black males generally gained less than others from institutional retraining programs. Yet minority earnings, as reflected in social security data, did improve as a result of training, especially among minority females. Review of the literature also revealed gains for black males who participated in vocational education programs. Because the analysis, however, included a very small sample of black youth, the estimated effects have a low level of reliability.

Studies of WIN, CETA, and an experimental program, the National Supported-Work Demonstration, generally show improved labor-market experiences by participants but very mixed findings when adjusted for program and enrollee characteristics. Most studies of the postprogram labor-market experiences, for example, show a decline in program effects over time and significant variation in outcomes among those who completed

TABLE 3–2

Net Effects Estimated for Four Employment and Training Programs: Program-Control Group Differentials

Program and Measurement Dates	Earnings Changes				Employment Changes			
SUPPORTED WORK 1975 to 1978	Monthly Earnings Increase ($)				Percent Employed			
	AFDC	*Ex-Addict*	*Ex-Offenders*	*Youth*	*AFDC*	*Ex-Addict*	*Ex-Offenders*	*Youth*
1 to 9 months (in-program)	351	201	205	240	62.9	47.9	38.9	48.4
16 to 18 months (postprogram)	78	−1	29	−2	10.4	−2.6	3.6	−5.3
JOB CORPS 1977 to 1978	Weekly Earnings Increase ($)				Percent Change in Employment			
	Males		*Females without Children*		*Males*		*Females without Children*	
Overall Change	31.31		20.55		.141		.096	
Black	26.08		19.90		.119		.078	
White	44.84		28.46		.175		.168	
Hispanic	37.61		14.91		.252		.111	
American Indian	12.17		10.28		−.023		−.107	
WIN 1974 to 1976	Annual Earnings Increase ($)							
	Males		*Females*					
	White	Black	White	Black				
Job Search	12	− 373	514	33				
Education	−720	−1667	−145	8				
Training	1024	− 390	537	451				
Subsidized Employment	2225	753	1641	1357				
All Services	580	270	634	255				

Sources:

WIN: B. Schiller, "The Pay-Off to Training for Blacks: The WIN Experience," *Review of Black Political Economy* (Winter 1978), Table 2, p. 216.

SUPPORTED WORK: R. Maynard, R. Brown, J. Schore, et al., *The National Supported Work Demonstration: Effects During the First 18 Months After Enrollment*. Report prepared by Mathematica Policy Research, Inc., Princeton, N.J., for the Manpower Demonstration Research Corporation (April 1979), Table 1, p. xi.

JOB CORPS: C. Mallar, *Evaluation of the Economic Impact of the Job Corps Program, First Follow-up Report*, prepared by the Mathematica Policy Research, Inc., Princeton, N.J., for the Office of Program Evaluation, Employment and Training Administration, U.S. Department of Labor, Washington, D.C. (December 1978), Tables V.5 and V.6, pp. 81 and 82.

TABLE 3–3

Absolute Earnings Outcomes for CETA Twelve-month Terminees

	Absolute Annualized Earnings Increase[a]			
	Males		Females	
	White	Black	White	Black
Postprogram Earnings[b]	$5,808	$4,699	$3,376	$3,142
Changes in Earnings[c]	1,981	1,683	1,637	1,640
	(52%)	(56%)	(94%)	(109%)
CLASSROOM TRAINING				
Postprogram Earnings[b]	$5,915	$4,353	$2,718	$2,653
Change in Earnings	2,484	1,703	1,346	1,485
	(72%)	(64%)	(85%)	(127%)
PUBLIC SERVICE EMPLOYMENT				
Postprogram Earnings[b]	$5,951	$4,856	$4,117	$3,861
Change in Earnings	1,758	1,781	1,868	1,715
	(42%)	(58%)	(83%)	(80%)
ADULT WORK EXPERIENCE				
Postprogram Earnings[b]	$4,401	$3,835	$2,892	$3,347
Change in Earnings	1,127	603	1,454	1,592
	(34%)	(19%)	(101%)	(91%)
ON-THE-JOB TRAINING				
Postprogram Earnings[b]	$6,612	$6,088	$3,725	$3,552
Change in Earnings	2,686	2,495	2,313	1,989
	(68%)	(69%)	(164%)	(127%)

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[a] No control group.

[b] Mean annualized earnings in fourth quarter after termination.

[c] Annualized earnings change, where preprogram earnings are measured by the fourth quarter before program entry.

NOTE: Percentage increases are shown in parentheses.

SOURCE: David H. Finifter, "A Longitudinal Analysis of CETA Participants' Earnings: Initial Evidence from Six CLMS Cohorts," Office of Program Evaluation, Employment and Training Administration, U.S. Department of Labor (June 1979), Table IV, p. 17.

the program compared with others who did not. Only those who completed Job Corps programs have significantly higher postprogram earnings; partial or early dropouts reported no increases in earnings or employment status (Table 3–2). Similarly, recent estimates of earnings increases among CETA enrollees vary from the 19 to 164 percent spread to the 151 to 448 percent spread, depending on the time period assumed to represent the preprogram earnings (Table 3–3).

Job Corps

The studies reveal important race, sex, and program variations in postprogram impact. Postprogram earnings experiences among Job Corps enrollees showed black males ($26) somewhat below the average for all males ($31) in weekly earnings gains relative to similar nonparticipants. White males reported the highest weekly earnings increase ($45), about double the increase among blacks. Black female Job Corps enrollees ($20) were close to all childless female participants ($21) in earnings gains. Hispanic males showed earnings improvement ($38) greater than that among black men, but still lower than that for whites. In contrast, Hispanic females ($15) lagged behind both black and white female enrollees in earnings gains relative to the control group. The earnings differentials for females, however, while numerically measurable, are not statistically significant.

A study of WIN estimated negligible returns for blacks from programs designed to improve job search skills and education but significant returns for them in subsidized employment. Gains for whites, however, were almost double that of blacks overall, regardless of sex. A study of the Job Corps program found similar racial differences. Preliminary analysis of CETA participants suggests some racial differences in earnings outcomes but until further analysis is conducted, which takes into account control group behavior, these findings should be regarded as inconclusive. Overall, black males report similar earnings increase rates to that of white males (56 percent versus 52 percent) but the raw data suggest significant racial variations may be occurring by program. The National Supported-Work Demonstration, on the other hand, utilizing randomized control groups, discerned no significant postprogram earnings or employment effects among youth, the great majority of whom were minorities.

A major conclusion which can be gleaned from a comparative review of the major studies, is the need for strengthened evaluation, both in control group analysis and longitudinal perspective. During the past ten years, sophisticated studies have been undertaken to provide answers to the question of program impact. The studies suggest disparate program effects that are not conclusive, but which, on balance, suggest that minorities and youth gain from some programs, while deriving little benefit from others.

Some Lessons from Past Experience

In addition to the conclusion drawn from the assessment of the evaluation literature, several lessons can be drawn from past experience of minorities and youth in employment and training programs. First, it is clear that targeting on such groups, although difficult, can have beneficial effects in helping larger numbers gain a foothold in the labor market. Greater targeting, however, is limited by the reluctance of policymakers to tilt too far in the direction of one population group at the expense of others in need of assistance. For example, while minority youth have the highest unemployment rates, there is also concern about the employment problems of majority-group youth, many of whom also experience difficulties in making a satisfactory entry into the world of work. The dilemma for policymakers is how to strike a reasonable balance between limited resources available for employment and training programs and the serious needs of different youth groups, all of whom require labor-market services.

However the question of equity is resolved, it is important to recognize that allocation formulas that emphasize labor-market difficulties (that is, the incidence and duration of unemployment and the employment/population ratio) are likely to direct more funds to minorities and youth than are formulas that emphasize personal income variations. Also, experience with past programs has shown that direct support of nongovernmental community-based organizations contribute significantly to greater targeting toward disadvantaged minorities.

Second, studies of the experience under YEDPA have illustrated the need for greater efforts to enlist the services of school systems in improving the labor-market preparation of youth. Improved quality of basic education, together with school-based labor-market counseling and cooperative work experience can help reduce the employment problems of minority youth. The recently concluded American Assembly on Youth Employment recommended a major role for the schools in better preparing youth for the world of work. In particular, the assembly recognized the need for closer linkages between schools, employers, and unions. Employability development can be enhanced through active involvement of private-sector employers in planning and implementing vocational education and cooperative education programs for youth.

Finally, the experience of the recent past and the projections for the immediate years ahead suggest continued competition among minorities, youth, and others in the labor market. Most forecasts of economic activity during the next several years are not optimistic about the growth of the American economy. It is expected, however, that additional numbers of women, youth, and minorities will seek employment. Although the increase in the number of majority-group youth will decline somewhat by 1985, the number of minority youth aged sixteen to twenty-four will continue to grow rapidly and will become a larger proportion of the youth workforce.

These projections will influence the potential for employment and training programs to help improve the relative status of minorities and youth. If past experience is a guide, the programs will be under strong pressures imposed by trends in the national economy, and only modest improvement from the programs can be expected. At the same time, the projections offer no support for efforts to diminish the role of employment and training programs within the policy mix designed to achieve full employment. Continued support for employment and training services, including both skill enhancement and job-creation programs targeted toward minorities and youth with serious labor-market problems, will undoubtedly contribute to a reduction in joblessness that would otherwise result from slow economic growth and labor-market competition among different population groups.

CONCLUDING REMARKS

Minorities and youth are groups with serious employment problems, and the federal government has increasingly attempted to respond to such problems through the development and implementation of employment and training programs. The level of expenditures has risen dramatically during the past decade, although in real terms, the available dollars may purchase less than in earlier years. The programs have broadened in their scope of services and in the range of service-delivery agents. By any measure, employment and training policy must be judged a major form of social policy directed toward improving the relative economic status of minorities and youth.

The scale of effort in the employment and training field insures a wide panoply of effects on individual participants and in local labor markets. In general, however, the evidence about the impact of such programs on the position of minorities relative to others, and youth relative to adults, is not conclusive. Some programs such as the Job Corps and other programs emphasizing skills training seem to contribute relative gains of reasonable value to minorities and youth. On the other hand, less specific training programs, like work experience seem to offer little comparative advantage to their participants in relation to similar nonparticipants. This conclusion, however, must be tempered by the limitations of evaluation data, which all too often are not adequate for assessing the postprogram experience of participants.

What is clear is that employment and training programs as a whole provide returns to society that exceed their cost. Moreover, the prevailing view of policymakers, and of the community at large, is that measures to improve the earnings and employment opportunities of the disadvantaged are much preferred over other strategies for reducing economic inequality among racial groups. As long as that view prevails, there will be a major role for employment and training programs in the social-policy mix.

PROBLEMS IN URBAN CENTERS—WASHINGTON, D.C., AND THE FEDERAL GOVERNMENT ROLE

FRIDAY, JUNE 27, 1980

House of Representatives,
Committee on the District of Columbia,
Washington, D.C.

The committee met, pursuant to adjournment, at 10:15 a.m., in room 1310, Longworth House Office Building, Hon. Ronald V. Dellums (chairman of the committee) presiding.

Members present: Representatives Dellums, Moffett, Gray, and Fenwick.

Also present: Edward C. Sylvester, Jr., staff director; Donn G. Davis and Dietra L. Gerald, staff assistants; Dale MacIver, staff counsel; Harry M. Singleton, minority chief counsel; and Hugh Van A. Starkey, minority research analyst.

STATEMENT OF THE CHAIRMAN

The **Chairman**. The House Committee on the District of Columbia will be in order for the continuation of hearings on the conditions of urban centers, including Washington, D.C., and the Federal Government's role in the solution of these problems.

Today's inquiry will focus on identifying the most effective ways in which policies and resources of the Federal Government can be used to help urban centers.

In addition, we will inquire into the conditions that contribute to urban disorder and what conditions might failure to deal with these portend for the future.

The witnesses during the past 2 days of hearings have presented the committee with fascinating insight into the nature of urban problems and solutions. The issues they have raised suggest numerous other areas of inquiry. For this reason we are scheduling 2 additional days of hearings, July 23 and 24, 1980. At that time, we will have witnesses from the District of Columbia government and others. The record will remain open until those proceedings are concluded.

On the subject of today's hearing, the noted social scientist and public policy adviser, Eli Ginzberg, has agreed to submit a statement for the record. Members of the committee are invited to give the Chair any questions you may wish Dr. Ginzberg to address.

The first witness this morning is my friend and colleague, Hon. Norman Y. Mineta, Member of Congress from the 13th District of California. Congressman Mineta is a former mayor of San Jose and brings this committee an extraordinarily important view of the urban condition in America, both from the perspective of the local as well as the Federal level. He is a distinguished member of the

House Budget Committee and will address the question of the implications of national budget priorities for urban needs.

On behalf of myself and the members of the committee, I would like to welcome my friend and colleague, Norman Mineta.

You may proceed in any fashion you choose.

STATEMENT OF HON. NORMAN Y. MINETA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. **MINETA**. Thank you very much. I appreciate very much the opportunity to be before you today and to submit my statement. It is important, I think, to discuss the Nation's cities and the role of the Federal Government in insuring their vitality.

So today I will be speaking from two principal perspectives: First, as a Member of Congress serving on the Budget Committee, and, second, as a former mayor of the city of San Jose, Calif., where, during the one term I was mayor, the population went from roughly 400,000 to about 560,000.

I also was very active as a member of the U.S. Conference of Mayors, and was a member specifically of the Legislative Action Committee, which was the lobbying arm of the U.S. Conference of Mayors.

Now, in a sense, the frustration of the two jobs is similar because it always seems that there are outside pressures overwhelming our best efforts.

For example, on the Budget Committee, despite the enormous, even Herculean efforts we make to effect spending and revenues, these efforts are miniscule compared to the impact on the budget of outside factors, such as the economy, foreign events, national disasters, et cetera.

So, in the same way, in the urban policy arena it always seems that nongovernmental factors—such as economic conditions, population shifts, racial patterns, and social choices of one kind or another—have more impact on the health of the cities than any combination of governmental actions.

Does this mean we must throw up our hands in despair, that Government cannot cope with the basic pressures in our society? On reflection, I think not. Aggressive and creative solutions exist if we recognize certain basic trends we will face in the 1980's. I believe Government actions can be found which will effectively fulfill society's needs.

In my testimony today I'd like to discuss three factors which will affect our urban policies in very fundamental ways over the next decade. First, the general revolt against Government spending; second, certain trends within the Federal budget, itself; and third, the increasingly bitter growth of regionalism within the Congress.

REVOLT AGAINST GOVERNMENT SPENDING

First, the revolt against spending: This revolt—fueled largely by the high rate of inflation of recent years—has potentially devastating effects on local governments in the 1980's.

I say "devastating" deliberately. Whether or not local governments are, in fact, wards of State governments or dependents of Washington, they rely very heavily for their financial health on them. In fiscal year 1981, for example, local governments will receive about two-thirds of the nearly $100 billion that the Federal Government will disburse in grants-in-aid, and about $120 billion in aid from State governments.

For cities of over 100,000 in population, "dependence" is truly the right word, for currently 20 to 25 percent of their budgets comes from Federal sources, and often an equal amount from the State.

Yet the spending revolt rages at both the Federal and State levels. Why is this revolt so strong? The reason is clear, the American people regard Federal spending as a prime cause of inflation and insist that the budget be balanced. In my opinion, without a genuine, prolonged and realistic effort to restrain total Government spending we will face a similar mandatory Federal spending limitation proposal, as we have heard relative to the constitutional amendments that are floating around.

FEDERAL BUDGET TRENDS

Let me skip to the second trend that involves certain salient features of the Federal budget, itself. Suppose the spending revolt miraculously abated; would it matter much to cities? I doubt it, for the fact is that the Federal budget is, at least for the short term, severely constrained.

On the revenue side the pressures for a tax cut are considerable, and they are growing more and more each day. So we face pressures to cut taxes to stimulate the economy, to stimulate productivity, to offset inflation-induced tax increases, and to compensate for higher social security taxes. Clearly, we can't expect any substantial increase in revenues to be available to fund urban programs.

Yet, at the same time, the Federal Government is now responsible for fast growing public programs such as income maintenance and health care. As you know, many of these are entitlement programs whose growth squeezes out other kinds of discretionary spending—such as housing, mass transit, CETA, and the rest—these are programs on which cities depend. Moreover, if we see the kinds of increases in the defense budget which seem likely, even more pressures will be placed on the discretionary urban programs.

REGIONALISM AFFECTING URBAN PROGRAMS

The third and last trend I would like to discuss is the emergence of an often bitter regionalism that affects urban aid programs.

During the past several years—and particularly the last three under the Carter administration—Federal urban policy has increasingly adopted as its main theme "targeting to places of need." There is much to be said for this policy: Resources are scarce; consequently, they should be given to those most in need.

In fact, because a majority of the older deteriorating cities are in the so-called frost belt States, targeting has meant relatively more aid to the frost belt and less aid to the sun belt. At the risk of raising the ire of my own State of California, I think such targeting does make sense in many cases.

In California, we are facing a very healthy long-range outlook: Our economy is growing and our population is growing. Many other States in the sun belt are in a similar position, but there are many areas in the frost belt, particularly in its inner cities, where the future is less sanguine, and I think that is where the targeting strategically is rapidly needed and is something we all ought to take a look at.

Mr. Chairman, as I have indicated at the earlier part—I know we have a vote now—and you have the statement which has been submitted for the record, and I think I will go ahead and forego further presentation of the statement because of the other needs we have.

Do you want to go vote and come back? I would be willing to come back.

The CHAIRMAN. I would like to thank you for your opening remarks, and, without objection, the total statement will appear in the record, and the committee will suspend its business for 10 minutes, and we will reconvene.

[Mr. Mineta's prepared statement follows:]

PREPARED STATEMENT OF CONGRESSMAN NORMAN Y. MINETA, DEMOCRAT FROM CALIFORNIA

Mr. Chairman and members of the Committee, I want to thank you for this opportunity to appear before you today to discuss the Nation's cities and the role of the federal government in ensuring their vitality.

Today I will be speaking from two principal perspectives: first, as a Member of Congress serving in the Budget Committee; and, second, as a former Mayor who also served as the head of the U.S. Conference of Mayors.

In a sense, the frustration of the two jobs is similar, it always seems that there are outside pressures overwhelming our best efforts, For example, on the Budget Committee, despite the enormous, even herculean efforts we make to effect spending and revenues, these efforts are minisclue compared to the impact on the budget of outside factors--the economy, foreign events, national disasters, etc.

In the same way, in the urban policy arena it always seems that non-governmental factors—such as economic conditions, population shifts, racial patterns, and social choices of one kind or another—have more impact on the health of the cities than any combination of governmental actions.

Does this mean we must throw up our hands in despair, that government cannot cope with the basic pressures in our society? On reflection, I think not. Aggressive and creative solutions exist, and if we recognize certain basic trends we will face in the 1980's, I believe government actions can be found which will effectively fulfill society's needs.

In my testimony today I'd like to discuss three factors which will effect our urban policies in very fundamental ways over the next decade. First, the general revolt against government spending. Second, certain trends within the federal budget itself. And, third, the increasingly bitter growth of regionalism in the Congress.

REVOLT AGAINST GOVERNMENT SPENDING

First, the revolt against spending. This revolt—fueled largely by the high rate of inflation of recent years—has potentially devasting effects on local governments in the 1980's.

I say "devastating" deliberately. Whether or not local governments are, in fact, wards of state governments or dependents of Washington, they rely very heavily for their financial health on them. In fiscal year 1981, for example, local governments will receive about two-thirds of the nearly $100 billion that the federal government will disburse in grants-in-aid (not to mention the many billions of dollars their residents will receive in various transfer payments); and about $120 billion in aid from state government.

For cities of over 100,000 population, "dependence" is truly the right word; currently, 20-25 percent of their budgets (in some cases, as high as 50 percent) comes from federal sources, and often an equal amount from the state.

Yet the spending revolt rages at both the federal and state levels. As you know, it is so strong that a balanced budget resolution for 1981 was approved despite the rapidly deteriorating state of the economy, Why is this revolt so strong? The reason is clear, the American people regard federal spending as a prime cause of inflation and insist that the budget be balanced. In my opinion, without a genuine, prolonged and realistic effort to restrain total government spending we will face a mandatory federal spending limitation proposal.

The same is true at the state level. Since 1976, fifteen states (as well as hundreds of localities) have enacted some type of tax or spending limit; and other states have barely defeated similar efforts.

This revolt is likely to continue well into the 1980's particularly if efforts to strengthen our national economy and reduce inflation continue on their futile course.

For cities, this means a double impact: First, they can expect a sharp slowdown in the growth of aid from both the federal and state governments, forcing them toward increased reliance on the property tax (recall that the property tax was the primary cause of Proposition 13 in California); and second, they can expect continued efforts by the federal and state governments to accomplish their purposes through regulation, rather than financial aid.

FEDERAL BUDGET TRENDS

The second trend involves certain salient features of the federal budget itself. Suppose the spending revolt miraculously abated; would it matter much to cities? I doubt it, for the fact is that the federal budget is, at least for the short term, severely constrained.

On the revenue side the pressures for a tax cut are considerable. We face pressures to cut taxes to stimulate the economy, to stimulate productivity, to offset inflation-induced tax increases, and to compensate for higher Social Security taxes. Clearly, we can't expect any substantial increase in revenues to be available to fund urban programs.

At the same time, the federal government is now responsible for fast growing public programs such as income maintenance and health care. As you know, many of these are entitlement programs whose growth squeezes out discretionary spending—such as housing, mass transit, CETA, and the rest—on which cities depend. Moreover, if we see the kinds of increases in the defense budget which seem likely, even more pressures will be placed on the discretionary urban programs.

REGIONALISM AFFECTING URBAN PROGRAMS

The third and last trend I want to discuss is the emergence of an often bitter regionalism that affects urban aid programs.

During the past several years—and particularly the last three—federal urban policy has increasingly adopted as its main theme "targeting to places of need." There is much to be said for this policy: resources are scarce; consequently, they should be given to those most in need.

In fact, because a majority of the older deteriorating cities are in the so-called "frostbelt" states, targeting has meant relatively more aid to the frostbelt and less aid to the sunbelt. At the risk of raising the ire of my own state of California, I think such targeting makes sense in many cases.

In California we are facing a very healthy long range outlook: our economy is growing and our population is growing. Many other states in the "sunbelt" are in a similar position. In many areas in the "frostbelt," (particularly its inner cities), however, the future is much less sanguine. Substantial aid may be needed in those areas.

Unfortunately, I think the targeting strategy is rapidly coming to an end even though the frostbelt will probably need it more in the 1980's. During the past two years the Congress has rejected, with little debate, three Presidential proposals that would have targeted funds to the frostbelt—the National Development Bank, a general fiscal assistance program, and a $500 million add-on to the General Revenue Sharing program. One of the reasons for the defeats was that aid was to be highly targeted, not just to the frostbelt, but to a relatively few urban centers within the frostbelt that simply were badly outnumbered with respect to political representation in the Congress.

The 1980 Census, in all likelihood, will further stack the deck against targeting proposals. As you know, the sharp flow of population to the sunbelt, combined with continuing relative population declines in frostbelt states and cities, will mean greater representation in Congress for the sunbelt. New York and Pennsylvania, for example, the frostbelt bellweathers, will lose seats to Texas, California, and others, as well as to their own suburbs.

The result is likely to threaten special help for numerous cities that will sorely need help in the 1980's.

Mr. Chairman, my remarks today have focused on the overall budgetary and political context within which urban policy changes will take place. Unfortunately, I am afraid I haven't sounded very optimistic. Nor have I offered very many answers. Perhaps that's because I've had a lot of experience with answers that haven't worked and I'm still struggling to find some that do.

However, the three trends I've discussed to day will be fundamental to any consideration of urban policy. If they are ignored they will be the undoing of even the most brilliant new ideas.

I am hopeful that the work of this Committee can start to uncover some solutions. I am happy to be here today, and I want to pledge myself to work with you to find those answers.

[Recess for Members to vote.]

The CHAIRMAN. The committee will continue its business.

TARGETING FEDERAL FUNDS

I would like to thank my colleague for his opening remarks, and first I would like to go to the question of targeting. Yesterday, we had a professor, Dr. Richard Nathan, of Princeton University, who suggested that targeting of Federal funds is justified, and his justification was in order to spend less eventually, we must spend more immediately, and that the most appropriate way to do that is targeting.

Do you agree with that, and if you do, could you expand upon it?

Mr. MINETA. Mr. Chairman, I do. Dr. Nathan is probably one of the outstanding people in this whole area of urbanology—urban studies—but, again, if I could go back to my own experience in local government, and having been a member of the legislative action committee, which was the lobby's arm of the U.S. Conference of Mayors, in the early 1970's, when we were trying to push for general revenue sharing as an example and my exposure to seeing communities like Newark, N.J.; Gary, Ind.; Syracuse, N.Y.; New York, itself; Atlanta; New Orleans—to me, the contrast was just vivid in terms of cities that were in decay, and they would close their doors at 9 in the evening, praying that they would be able to open at 8 or 9 the next morning.

Communities in the West, like the community I had the privilege of being the mayor of, were growing. Our population, as I indicated, increased by over 150,000 in the 4 years I was mayor.

That brought us another kind of problem, but it wasn't the kind of problem I saw in the eastern communities, and I was convinced then about targeting and why there was a need for it, because of the premise laid down by Dr. Nathan, where, if you do have increased spending, maybe initially, that in the long run it will be less costly. I think it is like general welfare reform. We have to spend to get over that hump of making those reforms, but once those reforms are in place, in the long run it will be cheaper for us, and I think there is a validity to it.

But targeting in order to get the resources to where the needs are, to me, is a basic premise that I work on today, as we see programs coming through the Congress.

FEDERAL, STATE, AND LOCAL RESPONSIBILITIES

The CHAIRMAN. Let me draw further on your experience, both as a mayor and as a Member of Congress, and ask whether or not from your vantage point do you perceive certain programs that are presently financial burdens on the cities of the country best handled by the Federal Government, and, if so, what are those areas that you would see the Federal Government alleviating some of the pressures?

Mr. MINETA. The biggest one is that of welfare and income maintenance. That, to me, is a national responsibility, ought to be borne by the Federal Government, but I think one of the things we haven't done adequately here in the Congress or anywhere else, really, is basically to sort out what is a local responsibility, a State responsibility, a Federal responsibility, and, given what those responsibilities might be of each level of government, to try, then, to build the financing mechanisms to relate to it.

I think our own experience, Mr. Chairman, in California, where we went through proposition 13, to me that was a Governor who cut out a lot of State programs, put it on the load of the local government. In order for us to pick up that load at local government, he jacked up our property taxes. In the meantime, he ends up with a surplus in the State of California, and then Governor Brown comes in and then builds further to that surplus. In the meantime, property taxes are going up like this at the local level and people look up at Sacramento, and say, hey, what is going on with all that money sitting up there. And I think that is what brought 13 on us in California.

But what happened, I think, at that point, was that we had a lot of these programs being dumped on local government. The local government doesn't have the proper financing base to be able to do it.

How does Ken Gibson, in Newark, try to finance the operation of a city when 47 percent of it is off the tax rolls, or 58 percent of the housing is boarded up? It can't be done, and yet he has the full welfare load; he has all of these housing programs he has to try to contend with in his community; he has a lot of recreation and police problems, and the coffers are just not there to take care of all those things.

I think what we really have to do is step back—people like Dr. Raskin have written about things of this nature, about the role of each level in terms of various responsibilities—and I think we really have to earnestly do that.

DEFENSE BUDGET

The CHAIRMAN. On page 5 of your testimony, you indicated if we set the kinds of increases in the defense budget which seem likely, even more pressures will be placed on the discretionary urban programs.

As you know, to use the budget authority figure, we are in fiscal year 1981 in excess of $150 billion. One doesn't have to be much of a mathematician to figure out with the real growth increase in the military budget in excess of 4.6 percent over the next several years, that by 1985 our military budget will be in excess of $240 billion, using budget authority figures, maybe a quarter of a trillion dollars, and over the first 5 years of the 1980's we will spend over a trillion dollars, which means in the first 5 years we will spend on military functions alone more than we spent in the last 10 years, and part of that time we were involved in prosecution of a war in Indo-China.

Now, given that reality—and that is that in the decade of the 1980's we will probably exceed $2 trillion—can we address ourselves, on the one hand, to the significant problems of the urban centers, or is this kind of massive increase in the military budget over the next several years, and this tremendous pressure to balance the budget, is this really in effect waging war on the cities and rendering the city incapable of addressing itself to the myriad problems you outline, and a number of other people have enumerated before the committee?

CONTROLLABLE OR DISCRETIONARY BUDGET FUNDS

Mr. **MINETA**. Mr. Chairman, the brutal answer is yes, because when you have this budget growing, and 75 percent of it is basically uncontrollable, so as you are trying to accommodate these increases, all you have is that 25 percent discretionary pot that you can cut from. I think that is why there are so many here in the Congress who want to put them as part of the entitlement program, so it is not subject to the appropriations process, and then that brings it over here into the uncontrollable column, and I think that is why, if you look at the programs today, since there is so much pressure on direct spending, what do we have; we have loan and loan guarantees, tax credits, entitlements—everything to try and get programs out from under direct spending or under the controllable or discretionary pot, because that is the one that is the most subject to cuts.

And so as the pressure is there for increased defense spending, for a balanced budget, there is only one place that can give, and that is in that discretionary pot. That discretionary pot, incidentally, has gone down from, as I recall the figure, 37 percent to about 25 percent now in about a 6-year period, so the pressures are even greater on those existing, or the programs that are left that are subject to the discretionary portion of the budget.

Now, how do we get ourselves out of that dilemma? Part of it is an economy that is going to be able to grow at, let's say, a 7 or 8 percent GNP, rather than either at the one percent that we assume—we assumed in our fiscal year 1981 a 1.1 percent growth in GNP, but as we really look at what is happening right now, it may even end up being in the negative column. When it is in the negative column plus seeing unemployment increasing, that just means less revenues coming into the Federal coffers.

It also means more money being paid out in unemployment compensation, food stamps, housing subsidies and the other kinds of related benefits; so the only way we can get that thing turned around is to have a thriving economy. A thriving economy requires, to a very great extent, some kind of economic stimulus, and, again, with the pressures that we have around here for a balanced budget, I am not sure that we are going to be able to get to that point.

But it seems to me from my limited perspective of looking at this thing, that it is that kind of shot-in-the-arm that is going to continue to be needed.

The **CHAIRMAN**. I would like to expand on that for a moment. I think you are absolutely correct. For example, when I first came to Congress in 1971, the discretionary funds that the Congress was dealing with were approximately 35 percent. And in this fiscal year 1981 budget, 44 percent of this budget is mandatory programs, 14 percent is in entitlements, 17 percent in prior-year authorizations, which comes to 75 percent of the budget, as you correctly indicate, outside of the immediate control of Members of Congress, so the discretionary funds are approximately 25 percent.

Of that 25 percent, the military budget is in excess of 60 percent, which means that we are now talking about a rather insignificant amount of money to go to solve the various problems of the cities.

If you and I agree that it is not likely that many of these programs are going to become either mandatory or entitlements, but will continue to be programs funded out of discretionary funds, and with this increased pressure of the military budget, I think you are absolutely correct, that the place where the pressure is going to come is in the nonentitlement, nonmilitary side of the budget, which is going to become even smaller.

Now, if there is no improvement in the economy in the foreseeable future, then is it your thought that the pressures of the cities are simply going to increase?

Mr. MINETA. This is a fear that I have, and I think we saw a prelude of this in Miami earlier, the kinds of venting of frustrations that occur when you have black youths at 40 to 45 percent unemployed. That pressure has to give somewhere. That is why, as I see this pot receding, we have got to get those resources to where they are most needed and not just like a cookie-cutter approach, spread the margarine across the land. We can't afford to do that.

I think we have to take the shrinking resources that we have, and in order to maximize the bang out of those bucks, is to do more of this targeting, because otherwise we will be short-changing programs and people all across the board.

TARGETING

The CHAIRMAN. You know, as a practical matter, on the issue of targeting, we focus our resources on where the needs are, and then one of our colleagues will offer an amendment. For example, if it is going to cities over 100,000, a number of our colleagues will look at the formula because, as Dr. Nathan indicated yesterday, for a number of years formulas were very secret matters and only a few of the older distinguished members of the various committees understood the impact of these formulas, and now, as you know, when we walk on the floor, there is a printout for everyone on every single formula that will tell you virtually to the penny how much money a State or even a congressional district will receive.

So a Member looks and says if I am going to give my vote to this, I have to make it palatable to my own district; so they offer an amendment that will make cities 75,000 and above eligible, which then includes a number of Members.

Then some other guy says, but I have 8 cities that are below 75,000, so they offer a substitute amendment that will include all cities 25,000 and above, and then we end up with cities around the country receiving $1,257.15 per month, which doesn't help them, but it detracts from the ability to target and impact in those areas of need.

How do we overcome that kind of politics on the floor or that kind of regional competition that, as you pointed out, has become very, very bitter and very, very divisive on the floor of the Congress?

Mr. MINETA. Frankly, I am not really sure. Just as we, as Members, are subjected to those one-issue special-interest groups that come in and say, Mr. Congressman, you are doing a great job, but because you don't agree with me on this one issue I am not going to vote for you, somehow that also gets translated by Members dealing with, let's say, CETA legislation on prime sponsorship.

We are at that point where I think the average salary cannot be any less than $7,600, and then you have regional factors that might take it, as it does in the Bay area, up to $8,200 for CETA employees. Yet you can't find local government in California with an entry level job paying $8,100. The city of San Francisco just pulled out of the CETA consortium, and I put that consortium together back in 1971, I guess, when we went to the new CETA legislation with prime sponsorship. We put a countywide, Santa Clara Valley Training Board together, and we were able to do that.

We did the same thing on the Regional Criminal Justice Planning Board, where we did Santa Clara County, as a whole, but as those factors changed, then everyone started bailing out on their own.

I don't know how you get away from that kind of regionalism. I guess the phrase we always hear around here is you ought to really be a statesman and support this program, even though it may not benefit your congressional district specifically, but, as many people would say, Norm, no one from the 13th Congressional District in California votes for me when you are a Member of Congress from South Carolina; so you go on your own way.

That is why it is very important that we try to keep talking about addressing the resources to where the needs are because we know that pot is shrinking, and as long as that pot is shrinking, we can't continue with these kinds of across-the-board programs.

TAX EXPENDITURES PROGRAMS

I chair the Budget Process Task Force on the Budget Committee, and we are looking at this whole area of entitlements, loan guarantees. Another one that is just going to raise hackles is the area of tax expenditures. There is a great deal of pressure about how much is being spent in terms of direct spending programs, but do we really know how much we are losing in terms of revenues through tax expenditure programs, and as long as people say, well, let's go ahead and give them a tax credit for doing this, or let's, instead of a direct spending program, come up with a loan guarantee, as long as we keep doing that, I think we just delude ourselves about what we are creating in terms of economic activity through those kinds of off-budget indirect spending programs.

In the meantime, we end up with that 40 percent of that 25 percent discretionary pot you were talking about and going down, and we sit there and we fight with each other over those crumbs, and to me if you give any kind of a straight-line projection to where we are and to where we might be going, to me that is a very dangerous picture.

The **Chairman**. I would like to say to my colleague that I appreciate very much your answer to the question, and, frankly, you have anticipated another question. I realize that your schedule is extraordinarily busy. I would ask one additional question. It is a question we tried to ask virtually all the witnesses, crystal ball gazing for a moment, but I think it is important.

What do you see as the consequence to the Nation if we do not address the myriad problems that confront us in the urban centers of the country over the next several years?

Mr. **Mineta**. I would say a replay of the late 1960's, Mr. Chairman. I think one of the things that just bothers me, having been on the city council in the late 1960s in San Jose, and you were very active in local government as well, but to me if we don't address these issues, I see a replay of the 1960's, and part of this, I think, comes about because in the 1970's, we went through this new narcissistic of me-ism—what is in it for me. If it is not there of a direct benefit to me, then people were "against" it, and I really have to think that is where we also got caught up in that web in proposition 13, because you had people who are voting for it, and then at local government, when they cut out the drug abuse program, they would say I voted for 13, but I didn't want that cut out, or I have kids, so I want to have schools and education promoted, whereas others who don't have children, they are all grown now, and they say we ought to cut the school budget; we don't need that program any more.

But I think that is a result of that me-ism, that new narcissisum we went through in the 1970's. Somewhere we have to turn this thing around attitudinally among the people, so that we are going to be talking about is where the needs are, and maybe foregoing something in order to make sure that the resources from even a local perspective, if they are good in the west side, then maybe the resources ought to go to the east side of the city, or if they are good in the State in the north, maybe the resources ought to be going to the south, or in the country as a whole, if the needs are in the frost belt States in those inner cities. Then maybe those of us in a little more fortunate circumstances are going to have to forgive a little and say, "Yes, I am willing to vote for this program that is going to target the moneys for urban mass transit, or for subsidized housing, into those areas, not to the neglect of the sunbelt States, or other areas, because you can, I think, do a lot of this." We are trying, for instance, in public work and transportation to weigh out the factors of density, population density, as well as revenue passenger miles, and all of these factors, to see where would be the best mix of the formula kinds of programs that distribute the money.

GRANTS AND FORMULA

Incidentally, that is another point where we are today, as compared to 7 or 8 years ago. Grantsmanship was the name of the game in the late 1960's and the early 1970's.

Today, we have gotten away from grantsmanship, and we have gone to formula distribution. In 1973, in the city of San Jose, we had the largest total dollars in Federal aid coming into the city of San Jose, because we were aggressive in going after those funds, and we had a very good friend of Mr. Murphy's as our city manager, Tom Fletcher, and Tom was a grants person; he was deputy mayor right here in Washington, D.C., and I brought him to San Jose when I became mayor.

He was aggressive, and he knew the infrastructure, and we went after those Federal programs. In 1973 and 1974, the city of San Jose was No. 1 in the State of California in grantsmanship.

That is no longer the case, because everything gets done by formula. There are a few—UDAG grants and a few transportation sector moneys—but maybe that is something we should take a look at also, Mr. Chairman, and that is the nature of what is happening to our programs here, of how we are distributing those resources.

The **Chairman**. I would like to thank my colleague and my friend for his outstanding contribution to these proceedings. As I indicated earlier, the full text of your statement will appear in the record, and I would like to hope if there may be a couple additional questions that we would like you to answer, because of your particular area of expertise, and we would submit them to you in writing——

Mr. **Mineta**. I would be glad to respond, Mr. Chairman. Thank you very much for the opportunity to testify before your committee and for your leadership on this issue.

The **Chairman**. Thank you very much for taking the time to appear.

Our next witness this morning is Mr. Patrick Murphy, a nationally recognized authority on police administration. Mr. Murphy was appointed Public Safety Director of the District of Columbia in 1967. In 1968, he became Administrator of the Law Enforcement Assistance Administration, LEAA, of the U.S. Department of Justice. He has served as commissioner of police for the cities of New York and Detroit. Since 1973, he has been the president of the Police Foundation.

We would like to welcome you, Mr. Murphy. We are extremely happy to have you before the committee this morning.

STATEMENT OF PATRICK MURPHY, PRESIDENT, POLICE FOUNDATION, WASHINGTON, D.C., ACCOMPANIED BY DR. JAMES J. FYFE, AMERICAN UNIVERSITY, CONSULTANT TO THE POLICE FOUNDATION

Mr. **Murphy**. Thank you very much, Mr. Chairman.

The **Chairman**. You may proceed in any manner you choose.

Mr. **Murphy**. Thank you. I appreciate the opportunity to testify before this distinguished committee, and I congratulate you, Mr. Chairman, for providing a forum to discuss conditions which may contribute to the possibility of urban disorders in this new decade.

POLICE-COMMUNITY RELATIONS

I would like to address today that aspect of the urban condition which is central to the maintenance of order. I refer to relations between police and the community.

We learned in the sixties that, whatever festering social and economic conditions underlay the urban riots of that era, almost invariably a police action was the immediate cause of those riots. It was a lesson which I believed that we in law enforcement would never forget.

Indeed, as the sixties came to a close and the seventies began, the principal impetus of American policing was to improve relations between the police and the community, particularly members of the minorities.

The lesson was hammered home to all of us in policing that we must be more civil in our work, that we must be more sensitive to cultural differences among the people we served; that we must not be overly aggressive, shrill, or condescending with blacks, Hispanic Americans, and other minorities as we sought to perform our duties of controlling crime and maintaining order.

"Police-community relations" was the phrase on the lips of almost every big city police administrator. New forms of training were devised to make police officers more aware of their responsibilities to citizens. The result of this concentration on police-community relations was that the police became more restrained and evenhanded in dealing with all citizens, including members of minorities. The police came to rely more on negotiations and patience rather than snap decisions and arbitrary commands to establish and preserve order.

And it remains the case in 1980 that the police are more civil and humane, more judicious and decent, in dealing with citizens than they were in the sixties. It is my belief that the police are far less brutal than they were 15 or so years ago.

But, having said this, I regret to add that during the past few years the emphasis on improved police-community relations and on dealing fairly and humanely with all citizens has diminished. I cannot prove it with data, but it is my impression that we in policing have become too complacent in believing that the lessons of the sixties had taken hold and in believing that the changes of attitudes that those lessons prompted were securely in place.

We in policing probably are not now spending the necessary time and money on training and other efforts to make certain that the young officers we put on the street are as restrained and civil as they should be.

IMPACT OF FISCAL CRUNCH AND UNIONIZATION

Like the rest of society, policing is beset with fads. The crucial emphasis placed on police-community relations in the late sixties and early seventies faded a bit from view by the midseventies. For a while, many police administrators seemed to believe the most important thing their department could possess was a SWAT team. Lately, police administrators have been distracted from the emphasis on police-community relations by the fiscal crunch that in recent years has affected all of local government and by the rapid unionization of American policing to the point that, in some jurisdictions, management prerogatives have been bargained away to local police unions.

I believe that, if we are to ensure peace in our cities, it is vital that city officials and police administrators renew police interest and efforts in fostering successful police-community relations built on restraint and civility. A new generation of young men and women are now patrolling American streets. They must be trained to optimum levels of patience and decency.

This is so, not only to guard against incidents which spark civil disorders but also as a prerequisite to controlling crime. Crime cannot be controlled in a community if the community is estranged from the police through an overly aggressive style of policing, through brutality, or through police disrespect of citizens.

POLICE TRAINING PROGRAMS

So, Mr. Chairman, I believe it is vital that we survey the quality and intensity of training in police-community relations in American police departments. Where that training is found to be lacking or inadequate, we must bring it to a level sufficient to guarantee that police behave in a professional, restrained, civil manner. I should hate to think that this lesson can only be relearned at the price of new riots and disorders.

Let me address another aspect of police conduct which can lead to explosions in our cities. I refer to the police use of deadly force, and, Mr. Chairman, I brought with me today Dr. James Fyfe, of American University, a consultant to the Police Foundation. In my opinion, Dr. Fyfe is the outstanding expert in the Nation on police use of deadly force.

The **Chairman**. We would like to welcome you.

Mr. **Murphy**. He has had the benefit of 15 years with the New York Police Department and several years of intensive research on this critically important problem, and if it is your pleasure, Mr. Chairman, I am sure he would be happy to assist in responding to any questions that I may not be able to respond to.

The **Chairman**. We appreciate that very much.

USE OF FORCE

Mr. **Murphy**. The most distinctive characteristic of policing is the authority to use force. But with this authority comes the responsibility never to misuse it. This responsibility translates into an imperative on the part of police management to control police discretion so that officers employ only that degree of force necessary to do their job fairly and humanely.

The use of force at its most extreme is the use of deadly force which can be described as the decision of a police officer to point a service revolver at another human being and fire it. This is the most momentous decision a human being can make—to take another life.

Limiting the frequency of such decisions is one of the most important goals for the police chief and for the police agency. This is so, not only to reduce death and injuries, but also to lessen the often woeful impact that police woundings and killings have on citizen perceptions of the fairness and decency of police agencies.

This last point is especially significant in our discussions on urban tensions because police use of deadly force is disproportionately high in black communities. Black males are particularly overrepresented among victims. Incidents of police shootings in recent years have exacerbated tensions between the police and the black community and deter both groups from working together in common purpose to reduce crime. Here I am saddened to note that the precipitating incident of the tragedy of Liberty City can be traced to police misuse of force, to the fatal beating of a black citizen.

The important thing to observe is that some American police agencies are doing a much better job than others in reducing police-citizen violence and lowering the rate of police shooting of citizens. Research at the Police Foundation and by others shows that much of the variation among police departments in shooting rates is attributable to differing internal police organizational strategies.

RESTRICTIVE POLICY RE POLICE USE OF REVOLVERS

The two most important things a police chief can do to eliminate unnecessary shooting of citizens are the adoption of an enlightened, restrictive policy which clearly delineates the circumstances under which police officers may use their revolvers and the implementation of tough, consistent policy management to insure that officers adhere to that policy.

It is my experience, and research backs up this experience, that a restrictive shooting policy coupled with tough management not only reduces police shootings of civilians but does not result in any increased danger to police officers or a rise in the crime rate. It does result in a reduction of police-citizen tensions and lessens significantly the chances of civil disorders.

Frankly, Mr. Chairman, it is time to get tough with police departments which, inadvertently or deliberately, have not adopted clear-cut, restrictive, humane policies on when police officers may use their weapons—or any force—against citizens. The time is now to get tough with police departments which may have reasonable policies on force but which do not have effective management practices to make sure those policies are followed.

The year is 1980. The police, through neglect of police-community relations or through neglect of the awesome responsibility to control the discretion to use force, should not be in a position of contributing the sparks which can lead to urban flareups or riots. It is the job of the police to enhance order in the community, not to be the cause of disruption.

Thank you.

The CHAIRMAN. Thank you very much, Mr. Murphy. I would like to begin with this question. Your statement seems to suggest that we may today be near where we were 15 years ago, rather than moving forward.

What do you perceive to be the reason for this apparent digression rather than progression?

IMPACT OF SOCIAL AND ECONOMIC PROBLEMS

Mr. MURPHY. It is my opinion, Mr. Chairman, that the underlying causes of tension and perhaps lack of respect for police departments is caused to some extent by the social and economic problems which are the root cause of crime and disorder, unemployment, and the previous witness made reference to the terribly high rates of unemployment in our innercities, especially among black young men, and a failure of the police department in any city to be sensitive to that tension and to take an approach of prevention, of doing all that is necessary to prevent that tension from building up to the point where it could explode, I think suggests to all of us that in so many of our cities across the country, those underlying causes exist, and the potential is there for them to get out of control.

The CHAIRMAN. Would you happen to know how the number of instances of police use of deadly force compares today with the figures of the 1960's and the 1970's?

Mr. MURPHY. Perhaps Dr. Fyfe could be helpful. Could he come forward?

The CHAIRMAN. We would appreciate it very much.

Mr. MURPHY. Perhaps Dr. Fyfe, who is much more familiar with the specific details than I am, could comment on it.

Dr. FYFE. I think, Mr. Chairman, that it is very difficult to generalize about the police use of deadly force, especially on a national level. The major reason for that is that there are no reliable national data available on the police use of deadly force.

The other day, for example, I was talking to a member of the media who had some figures from the Federal Bureau of Investigation on police use of deadly force in the United States in 1979, and when he checked those figures with local police departments, he found they were not all accurate. There were great numbers of discrepancies. So it is very difficult to determine whether it has gone up or down or stayed the same. In some places it is evident that it has decreased.

The CHAIRMAN. It seems that the disorders of the 1960's gave rise to two rather basic approaches in the police departments—one group moved toward better training, and increasing sensitivity, while the other group moved toward greater preparation for confrontation and the use of deadly force.

Do you believe it is the latter group which prevails, today as against the former, which is to move toward better training, and greater sensitivity?

Dr. FYFE. I think, as Mr. Mineta commented, the frost-belt cities are in very bad shape, and finally in police agencies the first thing that goes is all the support services. In New York City, which I just left last year, for example, the support strength of the department has declined by 30 percent, yet the number of people on the street are very much the same. The operations of the department that have suffered are the training programs, and the community relations programs; they have declined very dramatically.

So I think although most police administrators recognize the need for those things—I say most, but not all—some, through financial constraints, are really in a position not to do anything about them.

The CHAIRMAN. I have just a couple other questions on the issue of deadly force. Can you give us a rough idea, if you can't give us the specific number or percentages, of those big city police departments that have adopted clear and humane policies with respect to the use of deadly force?

Dr. FYFE. Yes, sir. New York City has. During Mr. Murphy's tenure in 1972, the department adopted a policy which was largely based on the recommendations of the President's Task Force on the

Police, which was formulated by President Johnson following the urban disturbances of the 1960's.

That department has. The most controversial police uses of deadly force are probably shots at fleeing property criminals. Those incidents have declined 75 percent in New York City since 1972. Last year, with another member of the press, we looked at shootings in 10 cities, and we found that the rates vary tremendously. San Francisco and Washington, D.C., along with New York City, had very, very low rates of police shootings. Other cities had much higher rates of police shootings, and again it doesn't seem to be a geographic kind of phenomenon.

When I look at the numbers, some of the larger eastern cities, New York, the District, Atlanta have very enlightened policies that are very stringently enforced. Other agencies have policies and have been criticized by members of their own city governments for not enforcing those policies. So the rates vary as much as 1,500 percent, which is quite interesting.

The CHAIRMAN. During the course of these hearings I raised a question with one of the witnesses with respect to the issue of national policy in this area. Do you think that there is need for a national policy with respect to the issue of the use of deadly force?

I realize that traditionally in this country the police function has been a local function, and not a national function, but in the area of policy with respect to the respect for life, use of deadly force, do you think that there is need for a national policy?

LAW ENFORCEMENT A STATE RESPONSIBILITY

Dr. FYFE. Again, when you say that law enforcement is the State's responsibility, I think that you are accurate. I think the best thing that the Congress could do would be to recommend very strongly that national data on police use of deadly force be published. The only available national data presently come from the U.S. vital statistics, which are reports of causes of mortality voluntarily submitted by coroners, and one of our colleagues at the foundation has done a study to check the accuracy of those figures, and he finds for a variety of reasons that they are about half right.

The Federal Bureau of Investigation collects data—from where I don't know—on police shootings. While I was doing my research, I was never able to locate anybody in the New York City Police Department, for example, who submitted data to the FBI on the number of people shot by the police.

DATA ON POLICE USE OF DEADLY FORCE

So it seems that the U.S. police shoot about two people a day fatally, and that is probably about 30 percent of the total. I think the best thing the Congress can do would be to recommend very strongly that the FBI collect data on police use of deadly force that describes the rates of shootings across various cities in the country and describes the circumstances and the individuals who are on the wrong end of police deadly force.

I don't think that the law is the right place to control deadly force. The right place to control deadly force for many reasons and with all due respect to legislators, is at the agency level. The chief has to come down very hard and very strong, and as we have seen in the *Miami* case, for example, despite what appeared to be a solid case, juries seem to be reluctant to convict police officers for excessive use of force in the line of duty. Prosecutors appear to be reluctant to charge police officers for those actions.

The police chief is not constrained by the same thing that constrains prosecutors and juries. It seems to me that he should be compelled, and a compilation of the numbers of his agencies and some sort of index very much like the crime index in the United States would let him know where he stands and might force him to take some actions.

Mr. MURPHY. Mr. Chairman, I completely agree with Dr. Fyfe and concur in every recommendation he has made. If I could just add to that, the Federal Bureau of Investigation, for 30 or 40 or more years, has a very enlightened policy concerning the use of deadly force. If that policy were the policy of every police department in this country, and were enforced, the number of killings by the police would drop dramatically, in my opinion.

When you raise the issue of a national standard, I think the enormous respect and prestige of the FBI could be exploited to encourage more jurisdictions, more cities, counties and States to look closely at this policy of the FBI and seriously consider adopting it for their own.

The CHAIRMAN. Mr. Murphy, during the course of his remarks, Dr. Fyfe pointed out that in this atmosphere of budgetary constraints, that the first thing that goes out the window are the amenities, the support programs, the training programs, the sensitivity programs, the community relations programs.

Now, in the 1960's and early 1970's, we learned very clearly that one of the significant contributors to the explosions was the insensitivity. Can we construe from the statements made that if we continue down this road toward greater budgetary constraints and greater pressures on the budgets of local governments, that we are going to be digressing back into the era of insensitivity and difficulty in terms of police community relations by virtue of the fact that we have removed all support and training efforts to get us out of that bind?

Mr. MURPHY. I am afraid that is a very real possibility. Many chiefs have remarked to me in the past year or two that we have had to eliminate frills and get down to the bare basics, which, unfortunately, to many chiefs means patrol, and detective functions, and in my view community relations and sensitivity are very basic; they are not frills, but, unfortunately, many chiefs under the pressure of budget constraint do eliminate these programs which have made such a positive contribution.

REDUCED LEAA PROGRAMS

I can't tell you how distressed I am that the law enforcement assistance program of the Federal Government is being reduced, because, whatever its weaknesses, and there have been weaknesses in that 12-year-old program, I do believe it has encouraged training and community relations programs that have been very helpful, and the loss of those funds will also contribute to a possible regression to older methods and older weaknesses.

The **Chairman**. Then is it appropriate to construe from the remarks that both of you gentlemen have made that the potential is there for us to return to the sixties in terms of explosions in our cities, and greater conflict between the community and the police by virtue of the fact that with these budgetary constraints we are going to be contributing to these kinds of explosions, a la Miami in the eighties?

Mr. **Murphy**. I certainly hope and pray we are not going to be living with long hot summers again, but the reality is that police actions are what trigger these things—there are underlying causes—but the spark in the eighties, and again we see in the *Miami* case, was some kind of police action, and we have many new police officers on the street now who did not live through those difficult years when they learned from hard experience on the street that they must be restrained and sensitive, and if the training is not kept up, the programs are not kept up, it is a very simple matter for some of those officers to overreact, and I think it only takes a spark to ignite some of the conditions that we see in our innercities across the country, in hundreds of cities.

The **Chairman**. Dr. Fyfe, do you have any comments on that?

EFFECT OF BUDGETARY CONSTRAINTS

Dr. **Fyfe**. I would just like to make a comment on budgetary constraints in big cities, and another effect that they have on police agencies. In New York in 1975, I worked in the police academy during a time when we hired about 3,000 new officers and developed a new training program that ran 8 months, and taught them sensitivity and human relations, and then we laid them all off. And what bothered me about that much more than the immediate loss of services to the city was the tremendous long-term impact that has on those 3,000 officers and everybody in the department.

They stop seeing themselves as being special and regard themselves as just another city employee and don't regard themselves as having any special mission, and don't see themselves as supported by the city, and I think for many, many years that will have an effect on the quality of police service in cities where those things have occurred.

It was just a complete change in the definition of the police officers job, and the jurisdiction's obligations to him.

The **Chairman**. I appreciate your responses to my questions. I have a couple of additional questions to ask, and, Mr. Murphy, I will direct the first to you. In your estimation, what constitutes the greatest obstacle at this moment to the recruiting and the retention of the kind of police officers that you alluded to in your opening statement?

NEED FOR POLICE TO BE COMMUNITY REPRESENTATIVE

Mr. **Murphy**. Mr. Chairman, one of the serious problems is that our police service in the United States has had a long history of not being representative of the population served, which is to say that the departments have been too white; there have not been enough black officers, and one of the problems in recruiting, in my opinion, one of the most serious problems, is that those departments that can attract, with the salary offered, a good person, a person with the qualifications, those departments are not hiring enough minority officers, enough women officers, because it has been demonstrated that would mean officers have a unique contribution of their own to make, and they can perform satisfactorily on patrol.

So I think there are cities where salaries and working conditions are such that they are not able to attract the kind of candidate they would like to have.

But the more important problem is the failure, for whatever reason, to be bringing our police departments reasonably soon enough up to the point where they are representative of the communities they serve, and, as Dr. Fyfe indicated, the varieties, the variations from city to city, as much as 15 to 1 in shooting experience, so here, some cities have done remarkably well—Washington, D.C., Detroit—and we could point to some other cities—Atlanta—that have somehow solved this problem of recruiting enough qualified people, and I underline qualified because so often the argument is made by police unions and others that as affirmative action programs are implemented, standards drop. I don't believe that to be so at all, or it doesn't have to be so.

So I think other cities have just had miserable records by comparison, and once again the law enforcement assistance program of the Federal Government has been helpful to many cities, and the Department of Justice has been very helpful in prodding, sometimes by legal means, cities to hire more fairly, to make their police departments more representative, and I think the ideal is that no police department should have an officer who cannot function well in any part of that city. The reality is that in many of our inner cities black police officers can perform more valuably. It is just a fact. I often get in trouble for saying that, but it is a reality, and it is a very important reason why we must hire more minority officers.

The CHAIRMAN. Dr. Fyfe, would you like to comment?

POLICE CHIEF'S ROLE

Dr. FYFE. Just that I think the chief also has something very direct to do with the kind of people he gets into an agency, and I think if we think about different police agencies around the country, we find they have different reputations, and some of the agencies with the worst reputations, I think, are kind of limited in the people who are drawn to them, so I think the chief sets the tone in many of those agencies, and, of course, he is trying to keep a lot of minorities out, and he is succeeding, and it just perpetuates an evil situation.

The CHAIRMAN. As both of you know, there has been a great deal of attention focused on the police departments of Houston, Tex., and Philadelphia, Pa.

Do you perceive those two departments as being representative or as aberrations, as you look at big city police departments across the country?

Mr. MURPHY. No; I don't think they are representative. I think the police department in Philadelphia, which I knew to be a good police department many years ago, I think that department and that city have suffered during the past several years from the kind of leadership that was unproductive.

The undistinguished former mayor of the city of Philadelphia, who was an undistinguished police commissioner in Philadelphia, Frank Rizzo, I believe just provided the wrong kind of leadership for that city and that department. I don't want to overstate that, but I think the point Dr. Fyfe made is of significant importance; the kind of leadership at the head of the police department or the city government sends a powerful message to police officers about what they can do and what they can't do, and I think tragically in Philadelphia in the past 8 years, there was a message coming down that it was all right to be excessive in the use of force; it was all right to be discourteous or abusive in various ways, and we have seen some of the tragedies that have resulted.

Incidentally, a very important part of the tragedy is the impact on the police officer who has to live for the rest of his life with possibly having killed someone under circumstances that were not proper, and it is another tragedy that many officers who kill people even under the most proper of circumstances, carry that burden, very heavy burden, and many of them suffer mentally and emotionally as a result.

Anyone in a position as a police chief, commissioner, or mayor, has an enormous responsibility to face up to this problem, to see to it that all of the conditions are in place, to hold to a very minimum the use of force by the police, and to understand what a failure in that regard can cost a city, an individual police officer or a police department.

Dr. FYFE. I agree totally with Mr. Murphy. I think Houston and Philadelphia are probably the extreme examples of some of the issues we are talking about. Problems obviously are not limited to Houston or Philadelphia, and when Mr. Murphy talked about deadly force, I recall a couple weeks ago talking to a news reporter on the telephone from another city, and he played a tape for me in which he was interviewing the police chief, and the reason he was interviewing the police chief was because a 14-year-old black kid had been shot while running from a property front.

The shooting was justified by the law, and there was no department policy that covered this shooting, and the reporter asked the chief whether he thought police officers should be shooting fleeing teenage unarmed property criminals at 3 o'clock in the morning in the rain, and the police chief said, "That is a tough decision, and I wouldn't want to make that for him."

So my reaction to that is that the chief is saying from the comfort of his desk and in his leisure and with his legal advisers that he can't determine a policy because that is a tough decision, but that he will let the police officer make that decision at 3 o'clock in the morning in the rain with no guidance and live with it for the rest of his life.

I think that is copping out, if you will, on his responsibilities, and that kind of omission exists in many American police departments.

Mr. MURPHY. I think following on that, the most important lesson for us to learn about this is that the fault is not nearly as much with individual officers, or officers as a group in the police department, but with its leadership and its management. Not only are they failing to fulfill their responsibilities when they don't set policy and enforce those policies, as Dr. Fyfe points out, they are being grossly unfair to the individual officer who is out there without guidance, support, and assistance, who may suffer what just occurred in Baltimore yesterday, I believe, where the police commissioner found it necessary to fire an officer who was involved in a questionable case.

ROLE OF FEDERAL GOVERNMENT

The CHAIRMAN. Mr. Murphy, Dr. Fyfe, both of you have alluded in the course of your remarks to the role of the Federal Government, but I would like to, at this point for the record, ask you specifically to summarize your thoughts with respect to what you perceive to be an appropriate role for the Federal Government in addressing the problems that you have raised.

Mr. MURPHY. I think in our system of policing, we have a kind of unique system of policing in the United States among all of the advanced countries in the world. It is a system that is locally based and almost totally locally based, with more than 17,000 police departments fragmented into what is really a nonsystem that does not function very well, either in controlling crime or minimizing disorder, or reducing community tensions.

I think the States have neglected their responsibilities to set standards for policing, to develop the mechanisms of coordination, which, incidentally, was one of the goals of the Federal law enforcement assistance program. I know we are impatient about a program that is 12 years old that hasn't reduced crime, but I think that is an absurd expectation. I hope that program will continue. I think it should grow.

At the Federal level, there must be coordination of the police apparatus in the country. I am not suggesting a national police force. The FBI provides an enormous amount of assistance through its training programs, its national Crime Information Center, its fingerprint system, its criminal record system. All of these things are fine. However, it is not enough; it is not nearly enough. The Federal Government is failing in its responsibility to provide the essential assistance to our States and local police departments to do a better job of controlling crime.

LEAA PROGRAMS IMPORTANCE

So I allude again to the law enforcement assistance program. What the FBI has done, can do, and appropriately should do, will always be limited, in my opinion. There is the need for this law enforcement assistance program, attempting to develop good models, and it has developed many good models, rape crisis centers, model community relations programs; it has begun to do work on deadly force, but there is so much more to be done, and I know that crime and law and order are not the issues they were in 1968, when they could help significantly to elect a President, but I think those problems are as important as inflation, and the other things that most Americans are concerned about.

They are important problems, too, and I hope that we can turn our attention more seriously to those problems. If we ever return to the long hot summers, the enormous costs will far outweigh what really a few more dollars relatively speaking, could do to continue to help police departments to improve.

Dr. FYFE. I agree with Mr. Murphy. The United States is the only country in the Western World that doesn't have at least an essentially coordinated police service, and I would never argue for that, but I think the Federal Government has a great role to play in letting American police agencies know what other police agencies are doing successfully, for example. Many of the people who pass through the Police Foundation are chiefs who are moving from one department to another, and in one agency they will have been operating with some certain strategies, very successfully, and be transferred to another agency, and the people there know nothing about the strategy, so that the Federal Government has a role to play in disseminating information and disseminating research findings, and my particular interest is deadly force.

I think that the FBI, which publishes just about everything you want to know about crime in the United States, should also publish figures on the circumstances in which people get killed and the numbers of people killed by the police in each city in the United States.

The CHAIRMAN. Mr. Murphy, Dr. Fyfe, I would like to thank both of you very much for your contribution to these proceedings. On behalf of myself and members of the committee and the staff, I would like to thank you once again.

There may be questions that occur to us as a result of going over the record of these proceedings, and, if so, we would like to submit questions to you in writing with the hope that you would respond to them in writing.

Mr. MURPHY. It would be a pleasure.

The CHAIRMAN. Thank you very much. We appreciate it.

Our next witness this morning is Dr. Marcus Raskin, cofounder of the Institute for Policy Studies, an independent research center on public policy.

Dr. Raskin is the noted author of numerous publications, including editor of the book, "The Federal Budget and Social Reconstruction." This book is the result of a study by Dr. Raskin and others prepared at the request of 54 Members of the U.S. Congress.

I would like to welcome my friend and colleague, Dr. Raskin; we are deeply appreciative of your appearance before this committee.

STATEMENT OF DR. MARCUS RASKIN, SENIOR FELLOW, INSTITUTE FOR POLICY STUDIES, WASHINGTON, D.C.

Dr. RASKIN. Thank you, Mr. Chairman.

Mr. Chairman, I am very sorry to have put the committee in a position to have to wait for me, and I apologize for that.

The CHAIRMAN. That is quite all right. We look forward to your contribution.

Dr. RASKIN. In listening to the discussion this morning of the distinguished witnesses, certain questions came to my mind which perhaps would be a good place to begin. They raise questions in a way which are somewhat more practical than I had intended to consider as questions relating to the crisis of the cities, but I do think their having raised them this way, it would be useful to continue in that direction.

CRISIS IN THE CITIES

The first point is the budget crisis of the city is something which people—experts—have known about for this last decade, and the budgetary crisis indeed was predicted and comes from certain clear facts.

One is the flight of business from the cities. Second is the flight of the white middle and upper classes from the cities. Third is the increased cost of social services in the cities. Fourth is the declining tax base within the cities as a result. Fifth is the movement away from the cities of industry, and sixth is the leaving behind of broken-spirited bodies and people as a result of industries leaving the cities, and as a result of people who have no place to turn or no place to go.

So those turn out to be very, very fundamental in understanding, I think, the crisis that we now face. And it is one which, in my view, will not be solved very easily. Indeed, what I think we see is that the real question is whether we are going to exacerbate the problem, not whether it is going to be solved.

IMPACT OF DEFENSE BUDGET

And on the exacerbation side, we see certain points that could be made. Here the increased defense budget, as you have pointed out, is absolutely critical in causing a decay of the Northeast. While it is the case that it may, in fact, help some of the industries in the South and the Southwest, the fact of the matter is that the increased defense budget will cause greater uneven development within the United States to lead to a position where indeed war will be waged on the cities.

In order to keep some sort of semblance of peace in the city and in order to keep some sort of semblance of lower, in quotes, "unemployment rate," there will be an attempt to draft young men into the Armed Forces for the purpose not only of defense of the United States, or not only for the purpose of perceived defense of the national-international interests around the world, whether or not one agrees with those, but for the purpose of keeping young people off the streets.

So it becomes an alternative means of keeping the cities quiet. This is going to be, in my view, a horrendous error in judgment, in policy judgment, on the part of those who may either consciously or unconsciously pursue this particular direction.

TAX EXPENDITURE PROBLEM

The second problem that we can see is exacerbating in the situation of the cities is what was referred to as the tax expenditure problem. Well over $200 billion a year goes into subsidy or waste of evading taxation that are legal, and so forth, that have to be considered, and the reason for that is that it increases the imbalance between the rich and the poor of the society, and between the middle classes and the corporations, if you like, of the society, because the ones who can best take advantage of tax expenditures are those who are best organized, as business entities. When that happens, the business entities, with their army of lawyers and accountants, and so forth, are the ones who are able to drive an even greater wedge between the rich and the poor of the society, and that has derivatively a terrifying, terrible effect on the cities, themselves, where the older people, the very young, the poor, the black, are huddled together, and huddled, may I point out, in a situation where there is very poor transportation for them and where energy costs increase and where public transportation becomes more and more of a problem itself.

So, indeed, the people of the cities, of the center cities, and of the cities, themselves, find themselves, in the Northeast, and in certain parts of the Middle West, in a terrifying huddling situation.

Now, the question, then, is once we talk about changing the taxing structure, that is, attempting to deal with the tax expenditure problem and also undertaking to say to the corporations, to the great international corporations that use the funds, the pension funds of public service employees as investment tools in Third World countries, where, in effect, the banks of the cities, the bank trustees of pensions funds use their power to invest abroad moneys that are made in New York City or in Boston, or in Los Angeles, wherever it may be; that what has to be looked at is an attempt to reinvest those funds here within our own cities, especially given the fact so much of these funds are indeed public service funds, that is, they are the investments, or they are the pension funds of the public service employees.

This is not to say that public service employees should not be protected in their investment, but there is something peculiar about a situation in which the banks and the very great corporations are able to take those funds, in effect, through trustees and invest them for multinational corporate enterprises that do nothing for the host countries abroad and cause even greater decay within the United States because of capital shortages within our own cities.

TAX EXEMPT PROPERTY

Beyond that, I would point out several other things. One is that there has to be a way of looking at how much property within the cities of this country falls in tax exempt status, and this would mean a serious consideration by the churches of whether or not certain church properties should remain tax exempt, university properties, institute properties for that matter, in order to ascertain whether at least a portion of the funds, either through the discretion of these groups or through direct governmental mandate has to go back into the development of those cities, themselves, or the sustaining of various sorts of projects and activities that will keep a certain level of decency within the cities, themselves.

Now, all of this, may I add, in terms of these last points, are secondary to a more basic point, in my view, that has to be made. I don't believe that targeting is going to work, and the reason I say that is that at this point two-thirds of the United States is a target, and now when you begin to see that at least two-thirds of the United States is a target, you really are talking about a fundamental question, not a particularistic one.

It requires, therefore, a comprehensive approach, and that comprehensive approach does relate, it seems to me, to the question of a balanced development and growth within the society itself. It goes to the question of—and I am not the greatest supporter in the world of planning—but it does go to the question of whether the society and the Federal Government, as a whole, is going to be able to plan a direction of balanced investment across this society, which means, in effect, that it is going to have to guide the retained earnings and begin to talk about worker community participation over major corporations in the United States in order to guide the earnings and the investment policies of those corporations.

INVESTMENT POLICY

There is no other way around this problem at this point except to have very heavy taxing of those corporations, on the one hand, or alternatively undertaking to develop or undertaking to guide where the investment allocations of those corporations are going to go.

So, rather than move in the direction of the so-called market system, which means that the corporations will follow where the greatest profit is, and which, in effect, will doom the cities of this country, doom them—there is no question about that—we will have to undertake a very different policy which, in my view, is in the long term economically sound, but is one which says there has to be greater planning and greater direction of investment in terms of what is to be made, and in terms of where it is to be made.

Now, this also suggests to me certain points that have been covered in American history before, but which we have forgotten. The fact of the matter is that, in different parts of the United States, cities have had the responsibility of, in fact, making things, so; for example, in Milwaukee there is a fertilizer business, Milorganite business, which is owned and run by the city of Milwaukee. In the Dakotas—and I assume it still exists—the grain storage tanks are owned by the States themselves. So we have to move, in effect, into a situation where the cities are more than the passive recipients of broken-spirited people; they, themselves, have to be active in terms of the development of investment, and the ownership of small businesses, the ownership partner, if you like, with neighborhoods of various sorts of small entrepreneurial activities that do develop surpluses for the cities.

The question, therefore, of how this is going to occur, it seems to me, comes down to a matter of national policy.

The Chairman. If the gentleman will suspend for a moment, there is a vote on the floor, and we will recess for 10 minutes.

[Brief recess for members to vote.]

The Chairman. The committee will resume its business.

Mr. Raskin, you may proceed.

Dr. Raskin. Thank you, Mr. Chairman.

The national policy that we have to look at now is really very different than the direction that Congress is now moving. The Congress and the Executive more and more move toward a principle of mean-spirited budgets and, in my view, misallocation within the budgets of where priorities should be placed.

UNDERSTANDING DEFENSE BUDGET

This question, it seems to me, becomes one that has to be debated at the city and local level. So, for example, it would not be the worst thing in the world to begin debating the question of the defense budget, at least to get some understanding of the defense budgets, within city councils and within mayors' offices, so that they, themselves, those responsible for the actual caring of the American people, begin to see where the funds are really going and how that is affecting their own situation locally in the short and in the long term.

HOW TO DEVELOP BENEFICIAL INVESTMENT

Second, I would urge the consideration of a planning process which would bring together groups of mayors to talk about how to develop investment in such a way that it will benefit the entire country as a whole. You have pointed out today the difficulty—and so has Congressman Mineta—the difficult and regional antagonisms that occur, and which, in fact, were masked over this last generation. Historically, of course, this has always been true of what happened in Congress between the various regions struggling with each other for industrial development or agricultural development, or whatever, and indeed in the last generation this was masked as a result of a relatively high employment rate and a relatively high, decent income condition.

Unless other steps are taken as quickly as possible, the regional conflicts will become much worse in American society, and what we will then see is people using the military and national security arguments as a way of solving those regional conflicts by moving abroad, that is to say, the way to get people to rally around the flag, so to speak, will be to talk about Iran as being the American problem, or what goes on abroad as being our problem, rather than attempting to deal with the regional and city conflicts that we now have directly.

GOALS

That is a problem that in my view will get much worse unless we set very particular goals for the society which are quite different than the ones that are now being set. In that sense, I would make the argument that equity and fairness and cooperation are linked principles that should be the purpose of government and which would, therefore, cause us to rethink where the taxes of the society should go; it would help us rethink what the defense budget should be, and how we would develop a planning process for investment and reinvestment in the society.

It is interesting to note that certain people, even Felix Rohatten, who is a big city banker in New York, sees the craziness of the overkill strategy which we follow militarily and sees how indeed New York City, itself, is decaying and dying as a result of the national security strategy that is being followed and how other cities now are being put in the same position.

His solutions are different, but the analysis really comes down to the same thing. So I think there is no way to avoid the question of where investment is to go by the major corporations, who is to control that investment, and the order of priorities here in the

Congress which puts greater and greater emphasis on national defense and less and less emphasis on social programs. That, in my view, will turn out to be a very grievous error for society.

CIVIL DISORDERS

In particular terms, what we will then see is greater civil disorders, and the police question will become a secondary question, because what will happen, in my view, is that with greater civil disorders, the National Guard will be counted on more and more to control the activities of the cities, and especially what happens in the ghettos of the cities, and so there will be greater civil conflict in the society, and what we will see, therefore, is a National Guard, military policing of the cities as a matter of course, and where, in effect, the cities will become reservations which was, of course, in part predicted by the staff of the Kerner Commission in the 1960's.

In my view, this is a time that is different than the 1960's, because there we had relatively high employment in the society, where people, in fact, believed in the possibility and the potentiality of this country, even though there was a terrifying and terrible war.

At this point, what we see is more and more glumness, a sense that very little can be done, that an 8-percent unemployment rate is something that is accepted as a reasonable thing to have nationally, that if we were to drop the unemployment rate of black youth from 45 to 30 percent, that would be considered to be a very great reform and accomplishment.

In other words, we are in a situation now of hopelessness on the one level where it comes out in spasmic disorders of the kind that we see in Miami.

RECOMMENDED ALTERNATIVES

So my judgment is—to get out from under this—what will be required is the kind of national leadership, national programmatic planning to suggest that there are alternatives that in fact will make a difference.

At the local level here in Washington, I would suggest that certain things could indeed be thought about and which could perhaps be used as a basis for spreading elsewhere.

TAXES

One is that I think the people should be given their choice within limits to decide whether to pay their taxes locally or nationally, and by locally I mean here specifically in the neighborhoods and the cities, so they, in fact, have on their tax forms the possibility of choice as to where to pay their taxes, rather than waiting for a revenue-sharing formula to be worked out on the national level. I think that would cause a redirection of the funding in the society in a much more positive way.

COMMUNITY DEVELOPMENT BANKS

Second of all, I would see the possibility now of the establishment of community development banks. We have made a start in that direction with the National Co-op Bank, but I would suggest that more directly we should have community development banks, possibly changing the credit unions of the society from being credit unions that subsidize the consumer credit market to being credit unions that were, in fact, instrumental in rebuilding the neighborhoods of the society, themselves. That would change in effect their charter and their purpose, but it would be something that would cause a very great deal of excitement within the neighborhoods and enter into a rebuilding process, themselves.

EDUCATION

Third, in a city like Washington, I would see the possibility of the development of a program within the government service for teaching, where, in effect, people with great skills in the bureaucracy or in the Congress would spend several hours teaching on a released-time basis in the schools, themselves, as assistance to the schools so that you would develop a different sort of relationship in the schools to the government and to people with great expertise.

This would, in my view, move toward the building of a model school system here which would bring in more and more the universities of the area for that purpose.

FEDERAL PAYMENT FORMULA

I would also think that the idea of a Federal payment which is settled and which is not discretionary is a good one, but the problem here is to be sure that that Federal payment is predicated on equity, not only on a numerical percentage of what is raised, but there has to be a clear statement of why there should be this Federal payment. One is that it is owed in the sense that the Federal Government uses the property, but, second, that there should be a sense of equity for the people who live here and also that becomes the principle upon which the Government, itself, begins to operate in terms of the programs that it builds, and in terms of its taxing mechanism, it is predicated on equity and fairness and caring.

EMPLOYMENT PROGRAM

Finally, I would make the argument that there is no reason that the District of Columbia couldn't have a full employment program which would then become a model for other places, and a full employment program which would include the development of public businesses, which is started by the city of Washington, itself, so that enough capital is there for the employment of people in these programs, and these businesses would be both worker- and community-owned.

Thank you very much, Mr. Chairman.

MILITARY BUDGET

The CHAIRMAN. Mr. Raskin, I would like to thank you for your opening remarks and go first to your statement with respect to the increase in the military budget. We both tend to agree with respect to what the future holds if we continue to go down this particular road. You suggested in your remarks a local strategy that could be developed to combat the mentality that presently exists in the Congress which would suggest the expenditure, as I indicated earlier, of over $2 trillion in the next 10 years on the military function alone. Can you amplify on the strategy you see?

Dr. RASKIN. I think there are two parts to the strategy. One would be to take this committee and move from city to city; in other words, once you have the conclusions of this report, that you could take the conclusions of this report with members of your committee and go and test them out on a city-by-city basis, and also to present to them the effects that will happen to their city as a result of the increased military budget, and specifically what it means to have a decreasing amount of discretionary funds that Congress is able to spend within the present frame of reference.

Now, what I have in mind there is to say that Congressman Mineta was correct when he talked about the decreasing funds, and the decreasing piece of the pie, and whatever one is now trying to do is to decrease the power of Congress, in effect, by saying that Congress should only have to deal with the smaller piece of the pie and everything else should be set in concrete in terms of funds.

I would make the argument that this committee, and the discussions that this committee could hold with mayors and city council people, would be to talk about what should be discretionary and what should not be in terms of expenditures. That is one thing.

Second of all, it could lay the basis of what a different taxing policy could be for the cities of this country and, third, it could get people, that is, the mayors and the city councils, to take testimony on what an actual national security strategy should be for the United States to be consistent with the needs of their own cities.

One could imagine if one were really just being more playful at this point, of saying to a city mayor and council, how many missiles do you need to buy in order to feel protected?

What do the cities of Berkeley and San Francisco need in terms of missiles, in terms of armaments? How much are you in fact prepared to spend on that, if you were given a budget of *x* dollars as against the needs that you have here?

My judgment is that we would come up with very different numbers than what we get presently, and what we would find is that if we were to add up what the various cities and regions of this country felt they needed actually for national security and defense, it would be a number far less than what it is that we presently spend, and it would be quantatively far less in terms of the numbers of missiles and nuclear weapons and men and women under arms than we now have or are presently projecting.

The CHAIRMAN. I think that is a fascinating set of ideas. I would raise this question with you:

It has been my experience, not only as a member of this committee but also as a member of the Armed Services Committee, that one can prepare oneself to address the critical foreign policies. You can present the most rational and logical set of ideas, and I will give you a specific example:

The one recent controversy with the MX missile. No one in the Congress knows how much it will cost; no one knows what it will look like. There have been 30 different changes and no one has any idea of what size it will be. That is dependent upon the Soviets' response to it and no one even knows if we have the necessary resources to build it.

The GAO says we may not even have enough concrete in the country to build the system. Here is a system where you don't know how much it will cost, what it will look like, who it will serve, yet my colleagues were prepared without question to vote in support of that.

If we came in with the social program to deal with the cities of America and we couldn't say how much it cost, how large it would be, what it would look like, whether we could construct such a program, they would run us off the floor of Congress as flaming idiots. Yet when it comes to the military, that same criteria does not apply.

How do we handle that? My point being, my colleagues, when we deal with the issue of military budget, tend to deal with the rare area of perceptions and wave the bloody red shirt, which then becomes the rationale for the expenditure for an incredible amount of money, but that same loose idea is not used when we talk about social programs.

How do we address my clear perception that, on the other side, the arguments don't come rationally or logically, the arguments come with emotion and stays, as I said, in the rare area of perceptions or the statement gets made sending messages.

Dr. RASKIN. Well, it is very, very hard to reason with irrationality, that is first of all, because in fact what you are dealing with is a problem of pathological neurosis, fear rather than something that can be dealt with in a reasonable way, in my view, so we shouldn't kid ourselves.

I think that that is a piece of the ground upon which we stand but, having said that, it does seem to me that there are several things that could conceivably be put forward in the debate, and that will in a way happen.

When the GAO says there is not enough concrete in the country to do that, to build the MX missile, this in fact does begin to cause some of the more rational national security managers, and some of the more clear-headed Members of Congress to say, hey, wait a minute, there is something wrong here.

Let me give you an experience of my own in 1961 which has some sort of relevance. You will recall in 1961 civil defense was thought to be absolutely critical to have for the United States, and Life Magazine put out an issue saying 97 out of 100 people could be saved by having a fallout shelter program.

CIVIL DEFENSE

At that time I was privileged to work for President Kennedy and was advised when the civil defense shelter program got off the ground that the only living things that would be left to inherit after even a small-scale war in this country, nuclear war, would be the rats, as it turned out a series of studies would be done to suggest that the rats would be the only living things that would come out of this.

I also suggested then and others had suggested that pressing for a civil defense program would cause a great deal of disharmony within the United States, and you will also recall how the people from California were treated by the people of Arizona and Nevada, who said if they ever came across the borders they would shoot to kill. They would shoot to kill the people who came from California.

People began buying guns for that purpose in the possibility that a nuclear war would occur and there would not be enough shelters to go around. Therefore, what we better do, people thought, is to have enough guns to stop others from coming in.

Within a 6-month period the President turned around on the question because he saw what was happening, that the body politic itself was beginning to go crazy, so what I think may happen with the MX and with others of these weapons is that the material that would be necessary to build them won't be there, and people will begin to back off.

The CHAIRMAN. I can't hear you.

Dr. RASKIN. The more egregious and foolish things will stop because the cost will seem to be prohibitive, that the material won't be there necessarily to build the stuff, and that there will be a certain backing away from the original position that is taken, so I would see the possibility that the MX, while it would get started, will never get finished and never be put in place because of the madness of the scheme itself.

Second of all, the budgets that former President Nixon talked about in his recent book and what Governor Reagan is talking about, between 10 and 20 percent increase a year in expenditure will have to be paid by somebody, and it cannot be paid by the poor and working class of this country any more, and that will become obvious.

Then the question is, will the great corporations be willing to pay for that 10 or 20 percent increase by changing their tax schedules?

My guess is that the answer is no, and so in fact what would happen is that the multinational corporations and largest corporate groups in society will say we are not picking up the tab for this stuff anymore, to that extent, so that will serve as a brake for a period of time of wild excesses.

Now, the problem with government governing in this period of time is that what appeared to be pathological and excessive, say, 5 years ago, now is accepted as the way of doing business today, and what may appear to be pathological today 5 or 10 years from now will appear to be reasonable, and that is one of the great dangers.

That is why I would make the argument that the importance of Members of Congress, your taking the leadership and others of us taking some sort of leadership in suggesting an alternative way to go, because the country, this society cannot continue to afford the situation of pathology that we presently have.

Finally, one other point, and this would be to suggest to Members of Congress, are they prepared to in fact go out and debate the defense budget across this country by letting people choose what they are prepared to pay in terms of the taxing scheme?

That is, that if you have a $100 tax bill, would a Member of Congress go along with the notion that, within limits, each taxpayer would have the right to choose whether to pay to a Federal facility, the Federal Government or locally to the city, or indeed to choose which department of the Federal Government that taxpayer would be prepared to pay the funds to.

My judgment is that after a serious debate in the society which could then be held this way, that people would see the importance of changing the taxing structure of this country and who really in fact gets penalized, and also would undertake to change the entire direction of the social programs as against the national security defense programs of this society.

The Chairman. I thank you for that answer, and I think this is a terribly important area of concern, because most American people when they see a budget of $613 billion or more, they assume that there is an incredible amount of money to do all those great things, and when you boil it down to the fact that the Congress is only in real control of approximately $150 billion and the Pentagon is going to get 100 of that, you realize the small amount of money in that budget that goes for these kinds of programs, so I think that this area is terribly important.

I would like to go to one additional area with you in terms of, well, you laid it out as an area of exacerbation and you alluded to the drafting of young people into the military, and you made a very interesting observation, that not simply a question of putting young people in the military to fight wars, but to hold down the unemployment rate, to take young people off the streets.

Dr. Raskin. And to stop the possibility of civil conflict here.

The Chairman. You indicated, and I took note here, that this would take the young people off the streets, but you thought that this would ultimately be the wrong policy and that that would manifest itself.

Can you elaborate on that?

Dr. Raskin. Yes; where a country like the United States intends to spend so much money on defense and national security, it is in a way very similar to a person who has a golf club. He will want to use it and he will want to keep using it.

Now, the interventionist strategy for the United States will cause very great international pain to the United States, and the proof of that is to just take a look at what has happened with two major interventions over this last 25-year period.

The Korean intervention was one which was extremely costly in terms of civil liberties in the United States. It was extremely costly in terms of military or civilian control over the military, and also it had the effect, while it had the effect of solving for a short period of time the question of high employment going into the war, there was 9 percent unemployment; it also continued to skew the economic development of the United States.

When you take a look at the Vietnam war, while it is the case that it had the effect of having relatively low unemployment rates during that period of time, it also split the society and showed weakness of, if you like, the American national security and military machine, and it again skewed the economic development of the United States in part toward the South and Southwest.

The next time around, and then what finally happened, was that the war itself that continued inside the Armed Forces with all sorts of international conflicts which came from the ranks, internal insubordination, that continued the anger from the streets and the colleges and into the Armed Forces themselves, until finally the United States found itself in a position where it was not able to fill the harmony in Vietnam which came to be the major reason for the war to stop.

If the United States uses draftees in an interventionary way in any sort of long-term struggle, the same result in my view will occur where in effect the war will just continue, that is, the conflict which I said had occurred in Vietnam on the streets in the civil side of the society would now continue militarily, that is, in the military sector itself, the draftees will not go along with it.

One other reason that that would be true is that there now does not seem to be any particular good reason to continue to believe in an American dream and American hope and American possibility, especially because of the high unemployment rates, because of the hopelessness and decay and confusion and breakup that we see as the standard now within American cities.

ENTITLEMENT PROGRAMS

The CHAIRMAN. We have talked about the various entitlement programs, which are outside of the immediate control of Congress, and I have seen over the years a very interesting phenomenon. That is, the way we tend to buy off groups is to place them in the entitlement programs so they don't have to come to Washington to engage in political protests or political challenges.

Each year fewer and fewer groups come to Congress to bring their collective pressure on the body, because we tend to buy off these groups individually by putting at least part of their hopes and dreams in entitlement programs, so it becomes very difficult as a practical matter to develop the kind of broad-based political coalition capable of bringing pressure on this body to radically alter the nature of its priorities or to significantly delve into solutions to solve our critical problems.

How do we approach that particular problem? I think it is devastating on the process.

Dr. RASKIN. I think what is going to happen is that if, say, Reagan becomes President, there will be an attempt to open up those entitlement programs and to take them away from the various groups.

I think that the social security system will be in very deep trouble in this regard; I think there will be a reexamination of all the pension funds, and I think the people's pensions are in very deep trouble in any case in this society.

One would have to go piece by piece to see what would happen. My guess though is that, well, to go beyond the entitlement program is to go back to each group and say, look, it is not going to be there for you anyway in the course of this decade and, therefore, because it is not you are going to have to join with us in redefining what you think is your entitlement and to begin to relate what you think your entitlement is to a need of another group.

In this way, and this would take the most extraordinary sort of political leadership, in this way there would be a possibility of redefining what we mean by equity and fairness in society and restore a leadership role to Congress itself.

TARGETING

The CHAIRMAN. Now, you mentioned that targeting would not work because two-thirds of the Nation is already targeted. You suggested the need to develop balanced and planned development having a significant impact on the corporate movement, because to allow the corporations to move strictly on the basis of a profit motive would doom the cities.

Would you amplify on that?

Dr. RASKIN. Well, in the last several months some major studies have been done at MIT and Boston College. The Harrison Bluestone report suggests the closing up of American industries in major American cites in which a pattern is pursued. There is movement from the Northeast to the South and Southwest, and then from the South and Southwest out of the country.

The major corporations allow the plants to decay and leave behind, if you like, the refuse of what they have done for the communities to pick up. Now, this is a national, an international pattern, and so if you only target in one or two or three places and only help the people who are left behind, which I view as very important, that is the unemployed worker or the broken family or whatever group is left behind that doesn't know how to deal with the situation of the loss of employment or of a plant closing, you are not getting to the heart of the matter.

What we have to do is take a look at what industrial development should be in this society, who is going to control it, and who is going to move it in particular directions.

That, it seems to me, is now a national responsibility and is not one which can indeed be left in the hands of the Fortune 500 or the largest oil companies and car manufacturing companies.

In fact, what will happen anyway is that if the profits of the Fortune 500 begin to decline, which in my view will happen in any case because of bad investment policy, they will come to the Federal Government anyway, and the Federal Government, as in the case of Chrysler, will have to bail them out.

I am suggesting what must now be done is a preemptive strategy and that strategy says we know where things are going in terms of American industry. We don't like that direction and, therefore, we are going to enter into a very different sort of planning and investment allocation process.

The CHAIRMAN. Thank you very much.

Counsel for the committee has a few questions he would like to raise.

THREATS FROM PRESENT TRENDS

Mr. DAVIS. Dr. Raskin, the picture that you paint suggests there are in fact crises brewing that current national policies either ignore or regard with such disdain and so lightly that they in fact overlook the most immediate dangers in favor of dealing with dangers probably more imagined than real, such as the external threat that is supposed to exist by those who support higher defense spending.

Is it possible that a continuation of this kind of thinking will lead the country in the direction of ignoring what are in fact greater internal dangers than any that exist outside the country?

Dr. RASKIN. I think there is no doubt that that is what is going to happen over this next period, if we continue to follow the direction in which we are going, and if greater emphasis is placed on increased defense expenditure, if there is no economic policy except that of turning over, of having tax cuts which in fact benefit the richest groups in the society, if the major corporations continue to pay less and less taxes, if they continue to invest outside of the United States for higher return, if there is a more of a deskilling going on in the society where, in effect, the American worker does not know how to make things in a way which is as efficient as people in or workers in other parts of the world, or if it is the case that we have larger and larger numbers of people who define themselves only as consumers, as people who don't see themselves as productive, as taking action to do things, then that I would say is a real threat in this society and is one which will cause later and greater civil conflict and greater and greater hopelessness in the decade of the 1980s.

Mr. DAVIS. In juxtaposition to that very real threat, do you think the country remains, in light of that, more in favor of the policy that leads us toward willingness to police the problems that are being created internally rather than put forth the expenditures that might be necessary to in fact solve them?

Dr. RASKIN. Well, at this point the appearance is that the voters, and I want to be very precise about this, Mr. Counsel, because it is a very complicated question, it would be very easy to say, look, there is a move to the right in the United States that those people who vote are very frightened of inflation, that they see their own class position declining, and that they want in one way or another to stop that from happening. Therefore, they will move to the right and penalize the organized and unorganized workers of the country and the very poor.

LEADERSHIP FAILURE

In my view, the failure which exists is indeed a failure of leadership and a failure to develop those sorts of programmatic alternatives that people can understand they could take in their day to day lives that they could believe in and take in their day to day lives.

Our problem is that the politician does not control the economy. He is responsible for it but he does not control it, and so it is a very peculiar situation that the American politician is faced with, that while he is responsible for the economy he has no control over the economy, that while he is supposed to control the inflation, the fact of the matter is that only in the most marginal ways is the American politician and/or the American Goverment seemingly able or willing to control commercial bank deposits and investment of corporations and credit, and so forth, so the American voter is confused about who is responsible, who is in charge.

While it is the case that the American voter has no control over the economy except to decide what he or she buys, then the anger is vented against the American politician and who himself does not know what he or she can control.

Mr. DAVIS. Thank you very much for your responses.

The CHAIRMAN. I just have one additional question.

SCOPE OF FURTHER HEARINGS

Mr. Raskin, you mentioned in your remarks the notion of bringing together groups of mayors and I got side-tracked for a moment, and I would appreciate it if you would amplify upon the strategy of bringing together the mayors for the purposes of looking at the issue of investment in the cities of America.

Dr. RASKIN. This is a question of jurisdiction in Congress, but I should think that the continuation of these hearings would be to take a look at plant closings, the allocation of investment by the major corporations in the society, whether they intend to invest in the cities of this country and, if so, how, or they intend to invest abroad.

Also, I think there is a third thing, what sort of training programs and educational programs that will go on for American workers during this period of time and this decade, and so I would see possibly doing it in the following way, that is, to bring together for a weekend a group of mayors and possible bankers and corporate leaders to talk about what they see as what they intend to do over this next 5 to 10 years.

From that, you take a look at what alternative strategy is that might be developed and go back to them and see whether or not some of those at least would sign on to that alternative strategy.

The CHAIRMAN. I would like to thank you, Dr. Raskin, for your contribution to these proceedings. I am sure there are a number of questions that we would not have an opportunity to ask; we would like to be able to submit them to you in writing in the hopes you will respond to us.

Thank you very much for your creative ideas, your thoughts have been very stimulating.

Dr. RASKIN. Thank you.

The CHAIRMAN. Our next witness is Mr. Carl Holman, the Secretary of the National Black Leadership Forum, a coalition of major civil rights groups in the country.

He has been a public policy adviser to numerous U.S. Presidents, served on a number of national boards and commissions, is the president of the National Urban Coalition, and in that capacity has been a major advocate for the growth and development of urban centers for many years.

I would like to welcome my friend and colleague, Carl Holman, before the committee this afternoon.

I note, Mr. Holman, that you are accompanied by a colleague.

STATEMENT OF M. CARL HOLMAN, PRESIDENT, NATIONAL URBAN COALITION, ACCOMPANIED BY WILLIAM KAMELA, STAFF ASSOCIATE, OFFICE OF GOVERNMENT AFFAIRS

Mr. HOLMAN. I am accompanied by Bill Kamela, who is a member of our government affairs staff.

The CHAIRMAN. It is a pleasure to meet you and we welcome you as well.

Mr. HOLMAN. I would like to thank and congratulate you on calling these hearings.

I am one of the people who for a long time have been urging that there be a full fledged urban affairs committee in the Congress, and what we finally got was two small subcommittees.

What has discouraged some of us for a long time is that the United States is one of the most urbanized and suburbanized nations in the world, and yet we are one of the few nations, Western and industrialized nations, that pays relatively little attention to our cities and are in many ways extremely backward in terms of doing that.

So I hope that this is just the beginning of a very intensive interest on your part.

Most of what I will have to say will have to do with the national picture. There are certain things, which I am certain others have already said, which point out the differences between the District of Columbia and most other cities, but what I see as I look at the District is that in many cases you see compounded here, because of the weakness of the support we get from the Congress, the kinds of problems which can be found nationwide.

URBAN DISTRESSES PREDICTED

Back in 1973, the coalition issued a booklet called Counter Budget and at that time—no, it was 1971—we predicted the fiscal distress that a number of cities were going to be experiencing.

We predicted the kinds of things that were going to happen to New York City and, unfortunately, though a number of people in the Congress and the executive branch had copies on their desks, none of the things that we were suggesting in terms of a 5-year period, saying if you are going to give priority to cities you must do it through the biggest mechanism you have to work with, which is the Federal budget, and you have to do that by making certain critical choices in that budget year after year.

What has happened since, of course, is that business as usual has occurred so that in terms of the cities we now find ourselves worse off rather than better in terms of what has occurred.

The economic, social, and the fiscal conditions of our cities are in crisis at this moment.

Some 3 or 4 weeks ago we called together representatives from our local affiliates and the 50-odd cities in which we have local programs, to ask them to tell us what is happening in those cities, what did you foresee for this summer and for this fall.

What we were told is that things were better, well, worse rather than better since 1967. We were told that in terms of relations, intergroup relations, tensions were stronger in the cities than they had been before, and I learned some things I didn't know about.

REFUGEE PROBLEMS

For example, I found that in the city of Philadelphia, where nobody was talking about Cuban refugees but Vietnamese refugees, and some of them were running very small businesses, sleeping in the backs of their stores and all of that, and becoming the targets of strong animosity from the Puerto Ricans, the blacks, and the poor white communities, because we have created a situation in the urban areas in which the poorest of the poor have to scramble and fight each other over the scraps.

In New Jersey, our statewide affiliate of Puerto Ricans there said in two of their cities the latest Hispanics to come in were now becoming those kinds of targets, not only in terms of the blacks and the whites, but also in terms of Hispanics who had lived there for a longer time.

When the Cuban refugee and Haitian question was in the headlines in Minneapolis, the Governor of that State of Minnesota said, "Don't send any Cuban refugees here, because we have given at the office", in essence. One of the religious leaders from Southeast Asia happened to move to Minneapolis, and then all of his followers had come in there.

LACK OF NATIONAL POLICY RE POVERTY

It is absolutely appalling, it seems to me, that the National Government has no over-reaching policy to deal with a number of problems which are national rather than local in terms of their true meaning.

Poverty is not Washington, D.C.'s problem or Detroit's problem or Newark's problem. Poverty in the United States is a national problem which the Federal Government should be dealing with and the same thing is true of housing and of this new revenue problem which we hear a great deal about.

The riot corridors in this city have generally not been rebuilt, despite the fact that as we pointed out 3 years ago in our report which we call Displacement, other people talk about gentrification.

We were noticing that as we finally get middle-income people moving back into the central city and the older neighborhoods, as this happens, they are pushing out elderly poor and they are pushing out minority poor and creating, even over there in Baltimore, a situation in which working class whites are fighting against historic preservation designations, because they say this becomes a way of pushing us out of our neighborhoods into parts of the country where, first of all, they don't want us and where the housing is not there to receive us.

In this city, if this city searches, you will find black families that have traced in their lives the history of what it means to be poor and black in Washington, D.C. That is to say they lived originally in Georgetown.

Georgetown became fashionable and faddish in the 1960's partially because the Kennedys were living there, and as those houses were rehabilitated they were pushed out of there and many of them into sections of the old southwest.

DISTRICT OF COLUMBIA URBAN RENEWAL

In southwest Washington a Federal program, urban renewal, typically moved people and forced people out, and then suddenly we hear 2 years later that we are going to have a relocation, and nobody in the relocation office had gotten there, and the people had moved into Anacostia and those corridors which later became the riot corridors, and some of them moved to Capitol Hill, and it was considered fairly safe to be there and it was felt that the blacks who did move in there would be able to stay.

Now, the blacks are being pushed out of Capitol Hill and the elderly are being pushed out, and they are being pushed either into our most dilapidated sections in the city or they are pushed out into the suburban counties, and when they move to the suburban counties, typically a couple of things happen.

The counties begin changing their laws and ordinances. One of the things they do is to change zoning regulations so that it becomes very difficult to get certain kinds of low-income housing there. They also change the rules in terms of how long you must be a resident before you qualify for welfare and other kinds of relief.

It seems to me that when the President first enunciated the notion of a national urban policy, we thought that finally we might be on the verge of seeing what we had asked for a very long time that this country would begin to have a national comprehensive rational humane urban policy.

Instead we marched up the Hill and back down the Hill again, because not only did the administration cut very sharply the amount of money it had originally said it was going to put into those programs, and it is only urban programs that people think you can run for free, but in addition to that one program, which I will just say something about. We had an LIPW which was this, what some people called the soft public works program. That would have given us a half million jobs for young people. We can never get anything just for the targeted groups. We had to split that money so it would be split between those who needed it most and those without whom you couldn't get the bill passed.

Had we passed soft public works, had we done that as early as we intended to originally, first of all, the physical infrastructure of our societies would have been under repair now for a period of 2½ years rather than being 2½ years in worse deterioration.

In addition to that, instead of having 55 percent of the young blacks on the streets of Detroit unemployed being joined there by their parents who also are being laid off and unemployed, we would have had those young people by this time either in the public or private sector, having had the training and experience which made it possible for them to work and get the work experience that they needed.

Instead, what we did was the usual stop-go business of talking a lot about throwing money at problems, and we have not thrown a whole lot of money.

People who live outside this city don't know the difference between the big dollars we announce for programs as over and against what we appropriate, and then they don't understand either what Mr. Nixon did and what was done by this administration until a few weeks ago, how you can by freezes and rescissions not even pay out the money you have said you are going to pay out for those programs.

We are urging, therefore, that we look at the cities not as wards and not as burdens, but look on them as in terms of their potential. Thirty of the largest cities in this country spend most of the money that the States and Federal Government have anyhow, so the notion is we are giving money from the National Government to the cities is wrong in the first place.

We are going to lose an international productivity race, unless in that race we find some way of looking in our urban centers as positive and looking particularly at the young people as positive potentials.

We know that every time we add a million people to that employment list we add upwards of $20 billion in uncollected revenues, yet despite the fact that we know this is the policy that is being followed currently in this country to have more unemployment and to claim that you are balancing a budget, which we are opposed to in the first place because there is no such thing, no economist that we have seen has shown us any difference at all in terms of the balanced budget.

If you balance the budget absolutely and perfectly, you would not touch by 0.03 percent the so-called question of the deficit.

IMPACT OF UNUSED POTENTIALS

The deficit in itself, in other words, is not what is causing the problems of this country. The problems of this country are being caused by unused human potential and unused factory potential, unused invested potential and we are not suggesting that we take the Federal Government and make it the panacea, but we do think that if we begin, for example, talking about tax cuts, we ought to be very careful what kinds of tax cuts we wind up with.

If you don't selectively carry out those tax cuts, you will not only add to the basic inflation rate but you will do very little about unemployment and you will do very little to help the poor and very little to help minorities.

The social security taxes are going to increase by 25 percent next year over what they are today. When that happens there will be higher labor costs, higher prices, reduced employment, lower earnings, and that combination is going to be disastrous. It will be disastrous unless the tax cut that this Congress comes up with is a tax cut which is looked at very carefully in terms of whether it will actually target on where our greatest problems are.

Will it put to work the people who are now not working? If it is aimed instead simply at the biggest corporations, if it is aimed simply at the middle class instead, it will have very little value, it seems to me.

The neighborhoods of our cities are important essential aspects of what Federal policy ought to address, and yet we tend to look at the cities as though all they have is commercial towns, and you can look to Houston and Dallas and a number of other cities and you get those very beautiful downtown sections which die at night, which provide some revenues to the cities, but which take land which could be used for other kinds of purposes and which in many cases give nothing at all to the people who live in those neighborhoods.

UDAG PROGRAMS

Take the UDAG program, the urban development action grant programs. We have got a number of skyscrapers built, a number of luxury hotels, but if you go into the neighborhoods of those cities, your UDAG did very little for them. It is unconscionable that we keep talking about having one-third of the UDAG's neighborhoods and yet the neighborhood UDAG program is trailing far behind because you are asking for the kinds of matches that they can't come up with.

It makes no sense at all to ask neighborhood groups, for example, Jeff Vander Lou, where we have a neighborhood affiliate which has done a better job than the city itself, has been putting 800 people into their own rehabilitated homes, they have a factory there, one of the few inner city factories which is new and profit-making and which staffed by people who come out of those neighborhoods, but to ask them when they start trying to put together their own shopping center, to ask them to do that with the kind of match which is now being asked, is impossible.

They cannot get a three to one private public match, and it would be worth much more to us if we decided to revise that program so that neighborhoods got much more support than they are now getting. We have asked for full employment, as you have and, of course, year after year we are told all the reasons why it can't happen and year after year we march back down the hill again without that

It does seem to me it ought to be possible in the new EDA program, and I pushed the EDA program not because I think it is a perfect program, but because as we look in city after city in these neighborhoods, one of the first things that indicates a neighborhood is in decay is when you begin to see not just middle class people moving out, that is not the critical thing; the critical thing that happens is when that commercial strip, the pharmacist leaves, the store owners, businesses, the small professional, when they move to the outskirts of towns, then that neighborhood collapses.

In one city we have a very sharp example of how this occurs. In that particular city, there was a delicatessen and a hardware store. The hardware owner owned the property that the delicatessen was on. Despite the fact that it was a ghetto, a whole lot of people came into that shopping area and the hardware store started making more money than it had been making before.

The guy says, "I think I need my property back." He pushed the deli out and when he did that suddenly those cars from all around weren't coming in there anymore. If we gave as much help to the business people in our central cities as we give to surburbia, there is no doubt at all to me that we would be seeing in city after city what you can see in a few cities like Portland and in Canadian cities wherever you go.

It is very important that you work to defeat the regulations which SBA has just set up. SBA has just come up with definitions of small business under their regulations which will kill the minority small business movement altogether. The reason I know it will kill the minority small businesses is that I see it killing also the small businesses in terms of whites.

When we were out in Colorado the other day in our jobs in energy conference, a white businessman from Golden, Colo., brought all the business people around from that area to protest the small business, protest these SBA regulations saying it will put us out of business. If it will put him out of business, I know what it is going to do to black small businesses.

TARGETING

We have talked in the Congress about targeting, and what seems to me very clear is that Congress has been dealing with this in a pharmaceutical manner. Despite the writing of legislation which says we will target to the areas of greatest need and the people in greatest need, you just passed a bill a few months ago which 77 percent of the jurisdictions in this country will qualify for.

Well, that means that you can forget it in terms of Anacostia, and in terms of the far Northeast, because they are not going to be able to compete with those other areas for this money.

I got a call a few days ago from one of the national leaders asking would I come to Miami and take part in a press conference to announce the possibility of a new urban coalition in Miami, because it seems there had been no coalition ever there, and one of the problems is that there is not any communication going on between the white business and political leadership sufficiently and the people in those communities.

We had a coalition in Miami and the coalition in Miami was allowed to die because it was felt that it was not needed anymore, that they are only useful when riots were going on. Now they are going to Detroit and calling Philadelphia and calling us asking how do these coalitions really work and what can we do about that.

I tried to tell them some of the things you can do. First of all, the Federal Government has to do something better than to say don't expect us to bail you out.

The Government helped to create a situation. The important thing that you have to do is to look very carefully at what we are doing in terms of relations between the police and the minority communities.

MIAMI

We have been looking in the other direction for a long time. Everybody talks about Miami, but 5 days before Miami erupted those coalitions that came in to tell us what was going on to my surprise pointed out again and again that for every case like that case in Tampa, Fla., and it is interesting we move a critical case from Miami, the *McDuffie* case is moved from Miami to Tampa, which already had people smoldering over the same kind of incident.

In the Southwest you can go into community after community and the Hispanics can tell you about cases that did not get as much publicity as the beating to death of that young Hispanic by law officers.

We have a situation in many cities in which it is literally true that the mayors of the cities are afraid of the police establishment. They cannot control it and one evidence of that is that when the mayor of the city of Miami suggested that it was something less than perfect behavior on the part of those law officers who were alleged to have, and people had some pictures in some cases, alleged to have done some looting and vandalizing of their own, the police demonstrated in a most disorderly fashion the kind of thing that would have gotten blacks arrested, and then those people were taken off suspension and reinstated.

There is no way of trying to make people understand what a corrosive effect this has on young blacks and young Hispanics.

The contempt they have for the criminal justice system, because they see it is operating in so clearly racist, so clearly classist a fashion, which is why I was suggesting that the Attorney General ought to be told that what he ought to begin doing is calling in some of the State and local criminal justice and judiciary people and letting them know that they are facing a very, very terrible crisis which is in part of their own making, because if you listen to what young people are saying now, you begin to understand some of what I thought was the unbelievable kind of incident which occurred.

Rarely do you see blacks doing the kinds of things that were done there, because they had not learned as much as could be learned by reading Walter White's "Rope and Faggot," in terms of what has happened in general, and the lynching and degrading of people.

We have a bad situation here and political fear is causing people in many cases not to deal with it.

OUTLOOK FOR THE 1980'S

I would like to say briefly something about what you can see projecting as you look toward the 1980 census.

I would like to talk about a critical group of people, well, two critical groups. One critical group is the group that is going to be the dominant group in the mid-1980's, middle age people and elderly people. They do more voting than anybody else. They are better organized than a great number of other people, and these are the people who time after time are voting against the school tax, who are the leaders of the so-called tax revolt.

They are going to be in the dominant descendency, but the most critical group is going to be the groups of blacks and Hispanics who are going to be increasing in numbers in the 1980's. Which blacks and Hispanics are these? I am not talking about middle class blacks and Hispanics. The middle class people in this country are moving toward zero population and what is happening, this 14 percent of the people who are between 16 and 24 in this country are blacks, Hispanics or others.

By 1985 they will be 25 or 30 percent of this population. It will go up from that time, so what point does it make to talk about productivity in this country unless you are talking about how do you get education, skills training, jobs for those people, because we are going to lose forever in every productivity race moving toward the end of the century if we don't find some way of getting those young people in a situation where they have some choices other than drugs and drug abuse, alcohol and alcohol abuse, the poorest kind of schooling available, welfare or doing what is happening in Detroit and a number of other places now, joining the Army not because they are anxious to fight but because this is the only way they can find a job for themselves.

I would just like to say that cities need money, and we all know that is a problem. Cities need programs that work, and we know that that is a problem. Cities also, it seems to me, need a couple of other things.

They need what I would call the spirit of a city. They need morale; they need a conviction that some of these problems can be dealt with.

Now, why do I think that is important? I think it is important because, as I go from city to city, I see cities in many cases that have the same general statistics, but where the hope factor seems to be higher, and I think there are reasons for it.

Washington, D.C., it seems to me, suffers more than many cities from the fact we do not have—in the case of a crisis—the kind of spirit among the business leadership, among the civic leadership, which New York City was able to call on as it put Big Mack together and got the union to agree to go in their pension funds and that whole Big Apple stuff may look just like symbolism, but it is interesting to note a number of byproducts have taken place.

For example, we don't have a public amenities section in terms of anybody who shall build here but if you are going to build in New York City, you have to provide a part of that space for some kind of public amenities and if you don't do that you are not cleared to do the building.

Business people have looked into the school system which has lots of problems, just as ours does, but they have put together task forces that have tried to work with the school system, trying to get them to understand a little more about what the world of business is like, teaching them how to manage a little better with the restricted funds because the funds aren't restricting that they are getting.

The people in the neighborhoods are working there I think as they are in a couple of other cities much more effectively with the city to try to say, if you give us some of those jobs, putting those young people in our communities, we will show you how they can do useful work rather than simply pick up litter or mow the grass.

I think it is very important that at a time when accountability is used as a mask for cutting the budgets for clinics, cutting the budgets for health, housing, for schools, I think it is very important that every effort be made to try to get two things done in terms of that spirit, to get the people in the suburban areas to understand that they cannot sit back and look at the core city dwindle, if they look, but if they do that they will be like St. Louis, where I grew up, versus Kansas City, and Kansas City began to move out and St. Louis, at the time when the surburban area decided to let St. Louis go its own way, and as the core city began to decline people began to go to the Kansas City metropolitan area rather than to St. Louis.

They are working to reverse that. It is very important we have that kind of spirit and we begin to get better than we are at coalescing, because we are not strong enough as urban people to win our battle alone, so we will have to find ways of building coalitions with other interest groups, and I am glad to see that our brothers and sisters in the Sun Belt are beginning to realize that they have some problems around revenue sharing, and so forth.

Unless we can put those kinds of coalitions together, I am very much afraid if you have a hearing such as this 10 years from now, instead of being better off than we are, we will be worse off than we are.

I have filed a complete statement with you, and I would also like to file later two other reports.

The CHAIRMAN. Without objection.

[Mr. Holman's statement follows:]

PREPARED TESTIMONY OF M. CARL HOLMAN, PRESIDENT, NATIONAL URBAN COALITION, ON URBAN AMERICA AND THE FEDERAL ROLE

URBAN CONDITIONS

Chairman Dellums, and members of the Committee, I am M. Carl Holman, President of the National Urban Coalition. As you know, the Coalition came into existence in the wake of the riots in the late 1960s with a convocation of business, labor, city government, minority and community leaders who felt that their joint efforts were necessary if the country's cities were to be restored to their past vitality. The reminders of those days have been all too vividly recently. Indeed, four days before the disturbances in Miami we brought together many of our more than fifty affiliated and cooperating local organizations from coast to coast, to compare notes on economic, social and fiscal conditions in their cities—and on the prevailing mood of their cities' residents. What they report is that more than a decade since our cities burned the prognosis for their continued recovery is far from assured. True, we have pursued some policies which have admitted some more fortunate Blacks and other minorities to better housing, schools and jobs. True, we have begun to revitalize some urban business districts and to improve some neighborhoods. But we have also been condemning far too many poorly educated, poorly housed minority youth in America's ghettos and barrios to empty futures—outside the private and public job markets and outside the larger possibilities of this society.

We have trapped family heads and the elderly in the coils of poverty which clamp down more bitterly with each round of price increases and public policy shifts. Most of all, despite the uneven application of countercyclical and revenue-sharing remedies, we have—more than most other western nations—left our cities to cope as best they can with what are essentially national problems.

As an organization which from its beginnings has served as a bridge between the public and private sectors and the urban poor, the National Urban Coalition believes in the potential of effective private-public partnerships to improve the quality of urban life. We believe, too, that America, can be both a more productive and more just nation than it now is. We must regretfully report, however, that both the Democratic and Republican Administrations have, in the last 15 years, a far from inspiring record in creatively and consistently encouraging and supporting the kinds of private-public partnerships that would result in an urban America as productive and as just as the nation and its people expect and desire.

As we enter the 1980s, we can say that as much as we have learned about how Federal policies can complement local development efforts and how private enterprise can be enlisted to meet common needs, we seem on the verge of throwing our lessons and their promise aside for the chimera of a balanced budget, and for the lure, in an election year, of what politicians think people want—government to serve those populations and those areas which are already "making it." People are talking about concentrating public effort where private resources already are going, thus further weighting the imbalance between those who have and those who have not, and hardening the lines between the two groups. Those who advocate such tacks do not seem to remember that it is, as one poor peoples' representative says, the bottom of the rocket which provides the push necessary to lift the whole; that, in other words, the economy will never truly recover so long as some of our citizens are held outside it. If we persist in this wrong-headed strategy of trying to sweep some problems, some kinds of people, aside in the name of expediency we will find ourselves facing more Miamis; we will find ourselves right back where we were in the 1960s but in a crueler time with more mouths to feed and less to divide.

FULL PRODUCTIVITY

It is time for the Federal Government to implement a policy of full productivity for central cities, which, as cores of their metropolitan areas, determine the vitality of the urban areas where most Americans live. Because we are an urbanized nation, few questions so thoroughly subsume our most pressing domestic problems as the question of what kind of policy we adopt towards our cities. Urban revitalization and development is a necessary theme if we wish to make all sectors of our economy work, if we want to pursue the kind of productivity we need as a nation to support our fiscal policies.

Say "fiscal policy" in Washington these days and people immediately think "balance the budget." While a balanced budget is desirable, it has assumed a symbolic importance out of all proportion to its real value in curbing inflation when the whole economy is gravely out of balance. At a time when the economic recession is upon us, when layoffs in the private sector are proceeding at alarmingly high rates, we are talking about eliminating more than a half million and probably closer to 675,000 jobs generated by the domestic programs Congress wants to cut. Even leaving aside the jobs indirectly lost as a result, this kind of Federal withdrawal has serious ramifications. Every one million people added to the unemployment lists costs the Federal Government upwards of twenty billion dollars in uncollected revenues, unemployment payments and other assistance.

Not only do those lost jobs drain the Federal coffers of revenue needed to keep the budget in balance, but Federal fiscal restraint of the kind currently advocated doesn't save money; it passes the buck by shifting service responsibilities to state and local governments, forcing the to raise additional revenues to maintain these services. The trouble is that some of those service burdens are created by national rather than state or local policies. Congress has mandated more and more matching programs for urban areas without bothering to figure how cities are going to come up with their share of the match. The revenue caps enacted by many states have further weakened the ability of localities to provide schooling and other benefits and services of the quality their people so desperately need. It is grossly unfair to ask one jurisdiction—like, for example, Miami—to pay for services when the increased demand for those services—in this case, from the Cuban refugees—has been created by a decision in Washington. So, too, poverty is a national problem; inflation in energy, housing, health care and food costs is a national problem.

REWORKING FEDERAL PROGRAMS

I am not arguing for endless growth in government as a panacea; I am advocationg responding to the serious and complicated national problems we face by reworking Federal programs, not swinging at them wildly. I believe we can own up to these national problems in Washington and still provide to localities the tools and the resources necessary to devise essentially local responses. I believe that we can contain the growth in government by making it work efficiently, by taking the limited resources we have and making them available *only* where they are most needed, *only* where private resources are not already flowing, in order to generate activity in the private sector. With an emphasis on need as a criterion for Federal spending we can spend less and do more, but we must first be willing to resist the overwhelming political pressures to give something to everyone. We may understand that resources spread too thin don't buy much and yet time and time again as the poverty of this strategy becomes apparent, Washington responds by damning whole programs—even denying the need for those programs. The rest of the country can't keep up with the changing signals from Washington; local and state governments can't prepare their budgets because of the erratic nature of the Federal commitment to policies and programs begun with the best of intentions, and abandoned.

TAXES

General tax cuts, while politically popular, can have disastrous results. In our present economic circumstances, there is a distinct possibility that inflation might be worsened by such a policy. It is quite likely that much of the freed-up spending power would wind up being saved in one form or another, and not being respent—at least in the short run. Thus, what now appears to be the second worst recession since World War II would only be exacerbated.

On the other hand, selective tax cuts can result in beneficial impacts on inflation, employment and investment. For example, the timing of the next increase in social security taxes, January 1, 1981, could occur when the economy is feebly making a recovery from the current recession. Social security taxes will increase at maximum covered earnings by 25 percent over what they are today. The effect, if not offset, will be higher labor costs, higher prices, reduced employment (especially of the low-skilled) and lower earnings; the combination of which will be disastrous. It is possible to design a reduction in personal or corporate taxes or a tax credit for social security taxes paid that would be clearly beneficial, and I urge you to consider it.

We must insist that Federal programs be designed to achieve results through the most efficient use of federal resources to revive portions of our economy which just plain aren't working at present and which act as a drag on the rest of the economy.

PRESIDENT'S URBAN POLICY

Many of us who fought long and hard for a better way of life for our cities's residents were heartened in March of 1978 when President Carter presented his Urban Policy—a package of fifteen legislative proposals and four executive orders which were to develop "a new partnership to conserve America's communities." The policies announced as a means of reaffirming the Administration's commitment to our nation's cities were to provide financial incentives for job expansion and physical development to state and local governments, neighborhood groups and the private sector, improve the administration of federal programs, increase job opportunities for the hard core unemployed and disadvantaged, and target resources to the people and places in the most economically distressed areas. Although President Carter, in a report marking the first year accomplishments of his urban policy program, pledged that, "with persistence, with a continuing commitment to our urban centers, we can realize the dreams we share for safe and healthy neighborhoods and cities," two years later the record is somewhat less than exemplary. Neither the President nor Congress have shown the continuing perseverance necessary to enact an adequate, comprehensive urban policy.

When one closely examines the Carter Administration's proposed urban programs and compares them to those actually enacted, one can better understand urban America's growing disillusionment with government. For instance, last year President Carter said that "the first thing we need is jobs. Unemployment and poverty are at the heart of the urban problem," yet the President failed to resubmit, citing lack of Congressional support, the Labor Intensive Public Works (LIPW) program. This program would have created about 180,000 private sector jobs to renovate and rehabilitate public facilities, half of which would have gone to the hard core unemployed and economically disadvantaged. The House Public Works Committee did in fact add such a program to the expanded EDA legislation currently in conference, but the Administration lobbied strongly against LIPW, calling it "too inflationary." At the same time that the President has expressed seeming indifference to CETA Public Service Employment (PSE), the slot levels have dropped from a high of 625,000 during the 1974-75 recession, to an expected bottom of 350,000 slots by the end of fiscal year 1981. The President's much ballyhooed comprehensive youth employment initiative was sent to the Congress months late, received a cool reception on the Hill, and was cut severely for the sake of a balanced budget. All this at a time when the overall unemployment has reached 7.8 percent, and is expected to go higher, with some of our affiliate cities reporting the black youth unemployment rate rising above 60 percent.

FULL EMPLOYMENT

We urge that the Federal government pursue a policy of full employment by stimulating private sector job expansion through intensified economic development assistance and through expansion of tax credits for hiring people now locked out of the work force, and by creating and maintaining jobs in the public sector where private sector jobs simply are not available and cannot be made available. Programs such as LIPW, increased use of Public Service Employment through CETA, comprehensive youth employment programs that allow for an expanded role for Community Based Organizations (CBOs), a workable targeted jobs tax credit and wise use of the Private Sector Initiative Program (PSIP) are all viable means of controlling our spiraling unemployment rate.

NEIGHBORHOODS AND SMALL BUSINESS

Each year a large proportion of the new private sector jobs are created by small businesses. Yet in city after city, one of the surest signs of the imminent collapse of neighborhoods is the disappearance of the smaller food and clothing stores, the pharmacies, the repair and appliance shops, the restaurants and other modest but vital commercial and professional enterprises which provide jobs and help hold neighborhoods together. The eight-hour-a-day downtown office-building employees alone cannot ensure the vitality of cities and the metropolitan areas of which they are a vital part. The Federal government must not only strengthen and act upon its pledges to support neighborhoods and small businesses, but must also give strong support to a national development policy. This policy should include providing greater access to capital for job-producing investments in urban and rural America—including those depressed areas which are hindrances rather than assets in the international competition for greater productivity.

INDEPENDENT DEVELOPMENT BANK

We urge that the national development policy have as its centerpiece creation of an independent development bank, similar to the National Development Bank that the President proposed as the cornerstone of his urban policy. The bank would be able to solve the most crucial problems in distressed areas—the lack of access to debt and equity capital. It would work through a decentralized network of state, local, public and private development finance intermediaries capable of following the loans they make and capable of providing technical assistance and grants targeted on the small businesses in distressed communities. It is through these small firms that the most jobs are created in the private sector and the most economic activity can be generated, and yet it is these very firms in the most distressed areas which the present development programs, run out of Washington, cannot now reach. Unfortunately, the original $17 billion development bank concept has been drastically slashed by both the President and Congress and faces an uncertain future having now been stalled in a conference committee for over six months.

REVENUE SHARING FUNDS

We urge that a portion of our general revenue sharing funds be designated strictly to areas in need so that those communities can have additional federal resources to address the severe problems they experience in whatever way they think most advantageous to their local situation. Also to further aid these distressed localities we recommend reintroducing another ill-fated portion of the President's urban policy-state incentive grants. This program would have made grants to states that reallocate their resources and develop comprehensive state strategies to aid urban areas, especially communities in decline or distress. The budget cutters also seem to have determined that countercyclical fiscal assistance, another program which has helped distressed cities, is expendable.

The $1 billion that was proposed in the President's January budget would have provided direct fiscal assistance to local governments in areas with high unemployment or disproportionately slow growth. Though the bill was another piece of Carter's urban policy, and though it has passed both Houses of Congress, it was one of the first that the President cut in his revised March budget.

HOUSING

We urge that in the area of housing we move forward to meet the very serious housing shortage which now exists, expecially for low- and moderate-income people (it is estimated that six million people currently live in substandard units). We urge that we study the feasibility of a housing block grant program and that in the interim we commit courselves to such strategies as direct subsidies and low-interest loans for construction and rehabilitation, rent supplements, and mortgage supports. We were encouraged by the Senate's action last week to strike the middle income housing subsidy program from the Housing and Community Development authorization, allowing the program's dwindling resources to remain focused on those most in need.

We urge the modification of the Federal tax provisions which, on the one hand, discourage anyone earning less than $20,000 from taking itemized deductions on mortgage interest and local property taxes, and on the other hand encourage middle- and upper-income Americans to overinvest in housing, effectively discourage renting, and drain the federal treasury of sums which escalate each year. Housing is the only form of investment where capital gains taxes never have to be paid as long as the gains are reinvested. Overinvestment in housing results in less capital being available for other forms of investment. As it is, the benefits of homeownership are unequally distributed. We advocate establishing a tax credit system allowing a maximum credit for any owner with the amounts of the credit and the level of the cap set so that lower-income homeowners receive more benefit and middle-income homeowners are not penalized by the change.

We urge that we commit ourselves to repairing the infrastructure of our cities which have so deterioriated as to represent a threat to the three trillion dollar capital investment they represent, and pursuing this important opportunity to put Americans back to work in the national interest.

FUNDS FOR THE DISTRICT OF COLUMBIA

We urge the Congress to adhere to its responsibility to appropriate sufficient funds for the District of Columbia. The burden the Federal government places on city services strains the capacity of the District to provide for the people who live and work within its limits. I would like to have included in the record a copy of a letter sent to 300 prominent civic, labor and business leaders calling for their support during the District's budget crisis.

We urge that, as part of our national commitment to conserve energy we consign ourselves to an intensified expansion of, and operating assistance for, our mass transportation systems, to conservation programs ranging from home fuel uses to more efficient innercity links. For example, our Minneapolis affiliate has been able to conserve energy through its weatherization program, and at the same time provide jobs for a number of hard core unemployed. President Carter's urban transportation initiative was designed to fund transit facilities and joint public-private development around transit stations. In 1979 Carter noted that "we cannot continue to allow mass transit to languish and remain a stepchild. Mass transit can serve as the means to encourage increased use of our cities as places of business, shopping, entertainment." Yet the President and Congress have slashed mass transit's fiscal year 1981 budget by $2.1 billion.

We urge that while we emphasize putting people to work, we also recognize that for those who cannot work there is a need for a single, uniform welfare program and, for the poorest, need for food stamps and energy assistance. At the same time, we can do much to increase job opportunities for those currently locked in poverty—for example, we can improve day care programs so that single parents need not be tied to full-time child care. We are disturbed to hear of the President's decision to delay his welfare reform proposal for an additional year and the substantial reduction in funding for the low income energy assistance program.

JUVENILES AND CRIME PREVENTION

We urge the strengthening of juvenile deliquency and crime prevention programs which involve citizen and community-based groups in addressing the problems of young Americans. Our Detroit affiliate, through its Comprehensive Youth Training and Community Involvement Program, has been successful with "forgotten youth," such as school dropouts, delinquents and runaways. The program has guided many of these teenagers back into the mainstream of society, and we should encourage similar programs which focus on these youngsters. These troubles are not limited to the jobs and school needs of innercity youngsters. More devastating are the crimes and delinquency, the drug and alcohol addiction, the teenage pregnancy and child abuse, which are also increasingly baffling and burdening suburban and small-town communities.

We urge greater efforts to improve police-community relations. Police-community tensions are at their most ominous level in urban ghettos and barrios, but alienation from, and disrespect for the ways courts dispense justice is not confined to the inner cities. We further support exchange between representatives of state and local criminal justice agencies in order that they may deal forthrightly with a situation which, if left unchecked or dealt with on an ad hoc, case-by-case basis, will severely fray the social fabric of the nation. Most distressing during these times of unrest was the decision by the Administration and Congress to eliminate the Law Enforcement Assistance Administration grants, particularly when programs like Community Anti-Crime (another now seemingly defunct Carter urban initiative) were beginning to make strides through the use of CBOs in one-on-one counseling activities.

HEALTH

We urge the strengthing and adequate support of regional health planning. The health systems agencies enable citizens at the local level to plan for the health needs of their area and evaluate proposed health programs. Though they are relatively new, they have already demonstrated the capacity to be cost effective. We believe, therefore, that it is benficial and fiscally prudent to fund these agencies at a level which permits them to function effectively. President Carter, in his urban policy, proposed a $50 million increase in the Community Health budget to establish additional community health facilities in distressed urban areas. Unfortunately, this increase is only the tip of the iceberg. Community health programs in both urban and rural areas currently serve only 4.3 million people, while there remain 20 million people who don't receive care in medically underserved, high poverty areas, 11 million of whom live in cities. The President's urban policy also called for an increase of $150 million in Title XX Social Service spending, yet HR 3434 as reported out of conference calls for a $200 million reduction in spending from fiscal year 1979 to fiscal year 1980.

We urge a reshaping of national substance abuse policy to emphasize prevention and rehabilitation resources to the major cities that are reservoirs for substance abuse problems. There is also a need for flexibility in administering Medicare and Medicaid for alcohol and drug treatment services.

We urge the federal government to commit itself to a policy of consulting with neighborhood and community-based groups in both the planning and implementation stages of federal programs. President Carter took an important first step in this regard when he included programs such as Livable Cities, Neighborhood Self-Help, the Urban Volunteer Program and the Good Neighbor Fund in his urban policy.

Unfortunately, none of these programs fared very well in the Congress, with only Neighborhood Self-Help receiving an appropriation. The Urban Volunteer and Good Neighbor Fund programs are to be started on a demonstration basis for the Director of ACTION's discretionary funds. Livable Cities, though it survived a tough authorization fight, failed to get House approval of any funding. Programs such as these are the lifeline of many neighborhood groups and CBOs who provide valuable outreach services to the urban disadvantaged.

This list is far from complete, but it does mirror some fundamental concerns expressed at the recent gathering of our local affiliates. They also argued that affordable, accessible health care, close-to-home urban park and recreation opportunities (urban parks having been another Carter urban policy program that fell prey to the budget balancing mania), high quality, achievement-oriented public education systems, and safe communities were essential public goals and they emphasized the importance of involving local communities in determining how public resources might best be harnessed to that effort. The successful community-based projects which we and our other local affiliates run are testimony to the effectiveness of neighborhood and nonprofit community development groups at moving from evaluation of community needs to marshalling citizen involvement in and support for necessary solutions. This is a level of public commitment which federal dollars cannot buy but which federal policies can certainly promote and we would like to see it become a permanent adjunct to government as a way of augmenting national programs and policies.

A sound national fiscal policy does not mean federal withdrawal from these pressing national concerns. I think it means concentrating federal resources on improving the productivity of our most distressed areas, tying the urban strategy to a national development strategy, making the American economy as a whole more vibrant, down to the neighborhood businesses or the small, new firms that employ people who live nearby. "The problem," as the head of our affiliate in St. Louis said when asked about local crime rates, "is not the crime rate but the lack of jobs."

A sound national fiscal policy must be aimed at using federal resources to increase employment as a means of slowing up inflation and even of balancing the budget. We would, after all, have had a balanced budget next year had the national unemployment rate remained at six percent.

Why emphasize the most efficient, direct application of federal funds to revitalize our cities? Well, as the man said, "You can pay me now or pay me later . . ." In Detroit, one out of every four people is on some form of public assistance and we hear that ratio is expected to go to one in three; the youth unemployment rate stands at 60 percent and is expected to go higher; crime is expected to rise with unemployment but because of a substantial loss of funding the city will have to lay off an additional 703 policemen this year.

When we hear that the population in state and federal prisons jumped 45 percent between 1973 and 1979 and that the country's largest state prison system in Texas reported a 46 percent increase between 1975 and 1979 alone, we tend to wonder whether the costs in lost productivity, foregone tax revenues, increased unemployment and other public assistance, increased penal, correctional and law enforcement costs, the costs in abandoned innercity areas, and in unemployed, angry young people are worth accepting. We have shown we do know how to give the private sector a boost in distressed areas and that we can put people back to work. Any fiscal policy we adopt will decide how we pay the bill but no matter whether we decide to do something about the parts of our economy which are clearly not working or whether we try to pretend the dysfunctions aren't there, we will pay.

THE NATIONAL URBAN COALITION,
Washington, D.C., May 15, 1980.

We are sure that you share our concerns about the financial difficulties facing the District of Columbia. The large deficit in this year's budget and the approval by the

House Appropriations Committee of only $28.8 million of the $61.8 million Supplemental Budget Request make it incumbent on us to speak out in support of the city's full supplemental request.

Our city is unique in that deficit spending is illegal; the city is mandated to operate within a balanced budget. As a solution to the potential deficit problem, the Mayor has proposed a balanced program which consists of a reduction in the size of the work force and an increase in some taxes, based on acquisition of our full authorized federal payment. The Mayor has already instituted a savings plan that projects a saving of $50 million this fiscal year. While some of us may totally agree, and others may disagree in part with this approach and this program, we should all support the concept that the federal government should pay its fair share.

Next week, the supplemental budget request will go before the Senate Appropriations Committee. It is imperative that we rally to support our city. If the District Government is unsuccessful in its effort to obtain the full request, our already substantial taxes will have to be increased. Also, even if the Mayor is able to make additional reductions in the City government, there will surely be major reductions in critical city services.

We have seen the declining urban condition as other great cities have wrestled with financial problems. You will recall the way a broad spectrum of New York's civic, business, labor and community leadership rallied in support of New York City in its hour of most critical fiscal need. We do not wish to stand by and not help our city. We urge you to join us in petitioning the Senate Appropriations Committee by calling Senator Patrick Leahy (224-4242) and Senator Charles Mathias (224-4654) to grant the city's full request. You should call Sandy Solomon (331-2456) to report on your conversation with the Senators.

Time is of the essence; please call today. Thank you for your continuing support.

Yours in support of our city,

M. CARL HOLMAN.
JOHN HECHINGER.
R. ROBERT LINOWES.
WILLIAM LUCY.
WILLIAM SIMONS.
JULIA WALSH.

Mr. HOLMAN. Thank you very much.

The CHAIRMAN. Mr. Holman, I would like to thank you very much for your opening remarks, and the Chair will now yield to my distinguished colleague, Mr. Gray, to begin the questioning.

Mr. GRAY. Thank you, Mr. Chairman.

It is a pleasure to hear the testimony of Mr. Holman and his outstanding ability to see what is happening on the urban scene.

POLICE ABUSE

I would like to focus my attention on several areas that you touched on. One, you talked about the problem of police abuse.

Is it in your opinion a rampant problem affecting minorities in every major American city?

Mr. HOLMAN. I would say that I don't know any city of any size which has a large minority population in which it is not felt and seen as a problem.

Mr. GRAY. In the city of Philadelphia, you know the history there; we have had a tremendous problem with police for a number of years, so much so that the Justice Department last year filed a historic and precedent-setting suit against the Philadelphia Police Department.

That suit was thrown out of court and is now under appeal by the Justice Department. Basically, in 1980, even though there has been a change of administration, there has been a continual outbreak of policy civilian problems.

Do you see that suit or that approach bringing any kind of resolution or having any real impact?

Mr. HOLMAN. I disagree with the court, not that they care, but I think that the suit deals with a real problem, and I hope that there will be further such lawsuits. We have got a situation, and I know very well how tough the job of a policeman is. The police very often say we take all the flak because they can't get to the other public officials, and we are the expression of the establishment. But every attempt that has been made, short of legal approaches, seems to have been fought.

For example, there have been some cities in which people have attempted to pass local ordinances saying if you are going to work on the police force you must be certain that you live in the city, within the city limits. Now, there is a reason for that.

It is very difficult, the whole notion of the way the young people regard those as "occupation forces" is reinforced when a large percentage of the law enforcement officers come into the town 6, 8, sometimes 11 hours a day on special occasions, from suburbia and go back out again.

They do not have the same feeling for the city that many people who live there all the time do and, in addition to that, we tried civilian review boards, because it has been found that the tendency for police review boards is to do what any group will do, that is, to slap its own members on the wrist and let them go, so unless we can find some way of using the law as a way of doing something about the lawlessness, and it is not a whole lot of the policemen involved in many cases.

In Atlanta, we identified 10 policemen who were involved in the greatest number of police abuse incidents, but they were protected by the rest of the department, so I think the lawsuit makes sense, and I disagree with the Federal Government on the LEAA cuts.

We have been very much opposed to the old LEAA, which was all hardware, but now that community-based groups are using criminal justice, the crime prevention programs, now we decide to cut that the very first time it is being used in an effective way. Not much attention has been paid to it.

LEAA PROGRAMS

Mr. GRAY. I want to concur with your comment on LEAA. I fought very hard to maintain the funding for the fiscal year 1981. It does seem now that the funds are going into community-based organizations and crime prevention programs rather than hardware for SWAT teams, that there has been a different attitude adopted both by the administration as well as by the House of Representatives.

I know in the city of Philadelphia, with the gang warfare problem that existed there 4, 5 years ago, LEAA funds going to community-based organizations has been very effective in cutting down gang warfare and deaths resulting from gang warfare. We are beginning to see in 1980 a reoccurrence of gang warfare, and I wonder if you would comment on the police abuse matter and gang warfare as perhaps really symbolic of deeper problems underlying the urban scene, and I think that that was the direction of your testimony, if I am correct.

Mr. HOLMAN. I think that whereas we don't make the simple one, two relationship, 1 to 1 relationship and say if you have jobs then you won't have crime. It is very strange to note that every time joblessness goes up, the crime rates go up. In addition to that, the society has a split personality in terms of how it deals with crimes, and the young people understand that very well.

Economically, they understand in many cases that the way you get around laws having to do with local gun control, for example, is that guns are smuggled in or shipped in from those States that don't have those kinds of laws and now the smart folks are giving those guns to teenagers and having them perform certain kinds of criminal acts, because they can be handled under the juvenile justice system rather than the other system.

As to the police, I don't want to link the police and the Klan, but I wanted to say something about two different phenomena that you can see. I don't believe that the Klan and other kinds of organizations will sprout up again unless a climate exists for their doing that, and all history shows that when certain kinds of signals are given from the top for example, the urban crisis is over, or when somebody said, you know, I don't argue that Mr. Moynihan didn't mean what people thought he meant when he said what he did about this whole question of benign neglect, just as when a member of our Coalition group, of all things, said one day in a hearing not so many months ago that if it means taking care of property and carrying out your business, I can understand a little police brutality.

When a businessman says something like that, even if he says it half-way in jest, it gives a certain kind of signal to the police. When people see the wrist-slapping that takes place when blacks and Hispanics are treated in certain ways, the Klan types say, well, you know, maybe now it is sort of open season, and that kind of thing is beginning to happen in this country.

How else do signals get given? If you listen to speeches that have been made by the political candidates, is it not interesting how raceless these speeches have become? Go back and read the speeches that were being given two national elections ago, and notice that nobody says anything about blacks, and nobody says anything about our poor Puerto Rican youngsters and all of that.

That is because the conception is that we are talking to a voting electorate which does not like to hear that, an electorate which thinks that blacks have been given too much, that they are doing as well as they might.

I think all of these things insidiously begin to work and create permissive atmospheres. Permissiveness has always been used to talk about us. We have been too permissive, that is why the natives are as restless as they are.

One of the interesting things happening now is that we are getting very permissive in terms of what those people that deal with the poor do, and I think that underlies a great deal of what we are saying in terms of the relation between young people especially and the police.

DISPLACEMENTS IN CITIES

Mr. GRAY. Another point you mentioned was the issue of displacement, which I have special concern about. As I traveled around urban America, I have seen very strong cases of displacement. In my own city of Philadelphia, we call it recycling, basically taking the inner-city areas, allowing them to deteriorate, so they can become the new areas for middle-income housing.

As you look at our urban policy, particularly from the Department of Housing and Urban Development, do you see any evidence of an attempt by HUD to deal with the question of displacement, gentrification, or as some know it, recycling?

Mr. **Holman**. The Department of HUD has now a certain number of studies; we just completed for HUD a displacement workbook which indicates ways in which you can mitigate the negative effects of displacement.

There is, I understand, though, in HUD, a kind of war that goes on inside that agency that goes back to the previous Secretary's time and is still true in Moon's time, that Americans have a great love for hardware and so they say hardware programs are good, software programs are bad.

So that when we were trying to suggest that HUD should spend much more time in displacement counseling—for example, let me give a couple concrete examples. In Detroit, our coalition was working with General Motors, which decided it was going to try to rehab some housing in that area, we said to them, if you rehab those houses and if you rebuild and you do it in such a way as to shove out all of the people that are there now, you are going to have a very bad situation to deal with. So we went in there to talk about some things that could be done.

One of the examples we used comes from Washington, D.C. It has not been widely copied and is well known. It requires Federal action as well as local action.

HOUSING

The problem with the whole gentrification notion was seen when gentrification began in the Adams-Morgan area. The white, middle-class affluent came in at the tops of the street and as such began moving on down. Unfortunately, when the middle class comes in it does not come in with the notion "Let's all live here together." It comes in with the notion "Let's have the suburbs in town." In other words, what it wants to do is move these other folks out because of all the reasons they can easily produce.

The Adams-Morgan organization looked for a way of fighting this and got its chance when one of the savings and loans organizations wanted to open a branch there. They were doing so much business it was much more convenient to have a branch right there. They fought putting the branch there and the tradeoff which occurred was a tradeoff partially made possible by the practice of pro bono lawyers that worked with them, and they got an agreement whereby first dibs on some of those rehab houses and apartments would go to the long-time residents.

This was fought, fought by the Federal Government, as a matter of fact, and when Mr. McKinney came in to head the Federal Home Loan Bank Board, we talked to him about that, and when the process had come, because people could see if we start doing this in city after city the developers and the speculators say we are going to start losing money, or we could not make as much as we otherwise would, McKinney's vote and another vote made it possible to sustain the validity of that kind of arrangement. So that and the circuitbreaker laws helped make that possible.

But in most cities people do not know what options are theirs. For example, in southwest Washington, where I live, there is a section which is low-income housing or was low-income housing, and they do not know that the District has a law which says you cannot just move these people out, that if you are trying to displace them you have to at least pay them the 30 days, and up to 90 days. But what happened? Somebody just came along with a little slip of paper and said, "I am sorry, we need this property now and you are going to have to move out." This was done very quietly, and the people moved. They knew nothing at all about the fact that there was a law on the books here that would protect them. So we are trying to get that passed along.

We are going to get again—the people ask me what is going to cause flareups other than a police episode such as has sparked many riots. I think the tensions that we see over housing and over the displacement of people in housing. And why do I say that? I say it because we have seen already that in your own city there were some Puerto Rican people who were being displaced, and shortly thereafter one of the new families moving in found its place was fire bombed. We do not know exactly why, but somebody thought they knew why, because right after that, somebody fire bombed the office of this Puerto Rican organization.

I think that those kinds of things are going to increase unless the Federal Government moves into displacement, sees it as a phenomenon which is not natural—some say this is the natural economics working. It is not that.

We have some recommendations which we made to HUD, and I think that we need to see that displacement can become as sore an issue, as difficult a problem as urban renewal was earlier.

Mr. GRAY. In terms of the specifics of displacement, and I gather from your response you feel that HUD does not really have a policy to deal with displacement, would your organization recommend a changing of the formula for new construction of section 8, which is 50-50 nonimpacted versus impacted?

It seems to me that such a formula continues to support displacement, because it will not provide even those meager resources to rebuild in the inner-city areas.

Mr. HOLMAN. I spent more time than I like to think of on the phone with a gentleman from the Post yesterday who kept telling me that what I was saying differed from what he heard from everybody else he talked to. I thought that was unfortunate, but he was talking about this very same thing.

The truth of the matter is that we have—and we will file this with you as well—our task force has taken a position on this and we have indicated that we support fair housing. We certainly worked very hard for the fair-housing legislation, but look at the situation we have now created. We have created a situation in which because we have this, what do they call it, in some cases it operates 90 to 10. I do not know why it is 50-50. Some people do not understand it then, because neighborhoods argue with us and say it is 90 to 10. But you get a situation like this.

What are we trying to give poor people, supposedly? Options. We are trying to give them choices as other people have them. It does not give me an option if I am a poor person and I am living in one of these gentrified neighborhoods, other people are moving back in, and the Federal Government will not give me money to help me buy in but will tell me if I want to go to the suburbs I can.

It seems to me that options should be actual options. Seldom do poor people get freedom of choice, so let us give them freedom of choice. I think you will still get some moving to the suburbs, but the Federal Government I think should not be in a position of saying middle-income people can come into this neighborhood where they did not live before, but we will not support you because you are in an impacted neighborhood. It is kind of crazy anyhow, because the neighborhood is being deimpacted because middle-income people are coming in. So that is the position we have taken. It is not a popular position, I understand. Not only some of the people at HUD but some of the civil rights groups I think, misunderstand what is really going on. But I suggest to them that they go and talk to some of those poor blacks.

Mr GRAY. I certainly want to concur with that position. I think that one of the things that we have failed to understand, particularly in urban America, and particularly in black America, is that the battleground has changed from the 1960's to the 1980's. Whereas in the 1960's we were trying to provide equal access opportunity for blacks, the question now seems to me to be of blacks who live in north Philadelphia, who can let us say reach upper-middle-income status, can move to Chestnut Hill and buy homes, the real question is what are we doing in terms of the low-income people, and I certainly am thinking very strongly about, if necessary, legislation that would regulate HUD's 50-50 formula even perhaps to 75-25, particularly when you look at the decade of the 1980's and the meager resources that will be coming from the Government.

And second, I concur with you on the mobility program. A mobility program that does not have a strong antidisplacement or recycling or gentrification program ends up not as freedom of choice, because the only choice that those poor people will have is to move out, and I certainly would like to see more done in this area.

Mr. Chairman, I want to thank you. I am sorry for extending the time.

The CHAIRMAN. The time of the gentleman has expired.

I would like to inquire of my friend as to the availability of his time. There is a vote on the final passage of a piece of legislation that we should express ourself on, and I certainly realize that your schedule is extraordinarily busy, so I would suggest either that we suspend for 10 minutes and come back, but if your time is precious I would submit the questions to you in writing.

Mr. HOLMAN. It is up to the chairman, whatever you say.

The CHAIRMAN. I would like to suspend for 10 minutes and come back and ask you the questions.

Mr. HOLMAN. All right.

The CHAIRMAN. Thank you very much.

[Recess.]

The CHAIRMAN. The committee will continue its business.

Mr. Holman, I would like to begin with the question that is raised with virtually all of the witnesses, and that is, given the present budget priorities as reflected in both the President's budget as well as the budget adopted by the U.S. Congress, can we effectively deal with the problems confronting the urban centers of this country?

Mr. **Holman**. I think the shortest answer to that is no, if you are talking about dealing effectively with them. I think the notion, for example, that you can do anything about—we keep talking about countercyclical problems, the notion being that every now and then things are going to be bad for cities and therefore we will put a triggering mechanism to deal with that.

Countercyclical has no money in the budget; it has been stalled in conference since February. It is very clear to me that the cities that we are talking about, if they cannot get countercyclical funding, they begin to take money they should be putting into capital expenditures and try to hold as much of their work force as they can with that. They cut services because they do not have the funding to provide for it.

So I do not believe it can be done that way. The EDA legislation has been tied up forever. It is very important that that legislation get passed because unless we give—and I would agree with Mr. Royiton. We have been talking about a national development bank, and Royiton talks about what was the genesis of the rebirth economically of our country in terms of the Reconstruction Finance Corporation which made it possible in the depths of the depression for us to begin developing businesses, with some of them very big businesses now, which provide jobs for people.

Fifty percent or more of the new jobs are provided by small companies. If we cannot get money, if we cannot get access to capital, debt and equity capital, for our poor people and our people who are striving to start these new businesses—and that calls for money. The Government has to put funding in to make that possible, and they did not do it.

The **Chairman**. In the course of your remarks you alluded to the cost that is being incurred by American people in our efforts to balance the budget. I think a number of people in this country are not aware of that and I would appreciate it very much if you would amplify upon that comment.

IMPACT OF BUDGET CUTTING

Mr. **Holman**. The thing that is very difficult to understand is why people feel that if you cut the budget and create more unemployment you are saving money for the Government and you are helping the economy of the country. Nobody, even the conservatives do not argue that when the unemployment rate goes up 1 percent you are adding $20 billion in a combination of lost revenues that we do not get any more from taxes. I would rather have those people working even on public service jobs, because those jobs at least allow them to pay taxes and those taxes create revenues, and those revenues make it possible for people to have schools and housing and other things they need.

In addition to that we have to pay unemployment compensation. Why is it better to pay people unemployment compensation than leave the money in there that will make it possible for them to have the jobs? Or they go on welfare and we pay for that as well.

The whole notion really is so bankrupt as a notion it is very difficult. Nobody argues really against those figures. Nobody really says that it is not true that the more unemployment you have—and the unemployment does come when you cut that budget in the places they cut it. Nobody argues that. Just as nobody argues that it does not cost the Government more to produce some of those defense jobs than it does a CETA job. But they never want to put those figures together and compare them one against the other.

And that is why I think we need to put together city by city, metropolitan area by metropolitan area, nationally, a budget coalition which is not just a one-time thing, but an urban coalition, and I say urban-rural coalition, because I know in EDA for example most of the people on that committee are people who originally are from rural constituencies, so I never thought they were going to pass an urban bank if you did not have in addition to that something which will take care of the other areas.

No, I think that proof of the wrongness of what these people are saying is what the Congress itself has done. They do not brag about this very much, but it is interesting to me that this Congress was off on this budget-cutting binge, and that the White House and the Congress had agreed on the cuts and rescissions in the 1980 budget, that is money between now and October. As a matter of fact, some people had been threatened in terms of "You better not spend that money that you have not already spent."

Now, the announcements by the President that they are going to give some money to Miami and money will go into a number of other critical cities is possible only because the Congress in the midst of its cutting the budget did not get around to getting those freezes and rescissions in. Otherwise there would have been no money even to do that.

So I think it is a bankrupt kind of policy and it is showing that it is not working, because suddenly what was to be a mild recession has now become the deepest recession since the 1974-75, and we have some of those figures which are worse than they have been at any time since the depression.

The CHAIRMAN. That leads to the obvious question then, if we are presently pursuing economic policies from the administration and from the Congress that result in a deep recession, high unemployment, and high unemployment resulting in billions of dollars not going to the coffers from tax revenues, and a number of studies have been done, most recently by the Congressional Budget Office, even if you cut between $20 and $25 billion from the budget you only reduce the inflation rate by two-tenths of 1 percent. The question then is why are the powers that be pursuing this particular course?

Given the statement you have made, and a number of the other witnesses have made, underscoring some very frightening predictions with respect to where this country is going in the decade of the 1980's if we continue to pursue this present course, the obvious question is why, and I would like to get your answer to that.

Mr. HOLMAN. I see two reasons. One is that there is a great deal of public ignorance on these issues which has been played on by people who can afford those big, glossy full-page misleading ads that we see, supposedly discussing public issues but really in many cases kind of misleading people.

As you and I know about half the myths about welfare people are totally wrong, but that is what people believe. The interesting thing is that even in Mr. Reagan's camp I understand that there are people, some of the economists, that are arguing that the other economists that he is listening to are wrong, because they know very well that you cannot, by simply saying you are going to balance the Federal budget—first of all, the Federal budget, big though it may look to people, in terms of a $3 trillion economy, cutting a few billion dollars in terms of that budget is not going to affect that economy in positive ways and the way they suggest.

Also they make the analogy everybody likes to listen to, which is that it is like the family budget. The family budget and the Federal budget are not one and the same thing.

And the impact of energy—and the energy policy is being dealt with in a very misleading fashion, so that blacks, for example, to whom I talk, in many cases do not seem to understand that we have a whole lot at stake here because if the decision in this country—and it is a part of this same economic packaging they are going on—if the decision is that we will take the route of an energy policy that will drive us further toward high-technology, capital-intensive energy development rather than renewable resources, and using labor-intensive ways, including conservation, that is going to have job impact effects of a magnitude that nobody can imagine.

But the tendency is, the middle class feels threatened right now. Politicians and the middle class are always somehow thought to have like interests, and the interest of these economists would tell us these kind of things are one and the same and they really are not. Even middle-class blacks, most of whom are in the public sector; we have more of our middle class in the public sector than the private, and yet I was out in your State 2 days after proposition 13, and a couple young blacks were telling me they voted for proposition 13 because they are tired of what is happening in terms of their taxes, and as soon as summer school was over they were going on a trip. There was no summer school because that was one of the first things that was cut.

I think we have to demythicize, and that is a very tough job of public education, the demythicizing that has to go on, and it is only when we see, for example, what is the only answer now to the fact that we have a recession, which will be some kind of an across-the-board tax cut. My problem with that is that anything which is done across the board by definition alters according to the status quo. So it means then that since the status quo is negative where cities are concerned, negative where the poor are concerned, the best they can get is some part of that status quo.

There is the notion that all we have to do is stimulate business a little bit, and then all of these poor people will have jobs and will not need welfare. That is nonsense, but people believe that.

The CHAIRMAN. Let me extend that latter part of your comments. If we are talking about on the one hand a tax cut, which means limitation on revenues that we take in for the purposes of Government; a balanced budget, which would limit the expenditure of Government; and an extraordinary rapidly increasing military budget—the figures that I am using begin with fiscal year 1981 of budget authority exceeding $164 billion per year, which means by 1985 budget authority will exceed $240 billion, somewhere around a quarter of a trillion dollars, well in excess of $1 trillion in the next 5 years.

So if on the one hand you have tax cuts which limit revenues, you have a balanced budget which limits expenditures, and you have a rapidly increasing military budget and you put all of those things together, what do you see happening over the next several years given those realities?

Mr. HOLMAN. What I think is going to happen is that we either are going to have a situation in which people are going to finally wake up, as in California they woke up on this last proposition, to the fact that you are getting essential services cut, you are following a pied piper leading you down the wrong path, or else we are going to get that frightening kind of picture which some young black intellectuals were going over with me the other night, which is a situation in which they see more and more the poor and elderly being shunted aside, in which they see this country redefining what its credo is, so that democracy and freedom and opportunity is not for everybody, but just for some people, that you will have flareups like Miami, but they see us coming into a situation in which we continue to build more and more prisons, and we are doing that already, in which we will force people—I saw a columnist I respect, a black columnist wrote a story the other day and said something about the more generous the welfare allowances, the more likely people are not going to try to get these jobs.

I do not think he can have looked at what people will get on welfare. And when a black writer says something like that he plays into this other pernicious myth that you have a lot of folks who do not want to work anyhow, and we are just keeping them, as it were, in the laps of luxury.

I see us either having to move toward a very restrictive, repressive kind of country because people will not be happy with the situation in which we are pushing those people who are down—you have to keep the lid on the people you are pushing down to the very bottom.

I see us losing the productivity race because the very people we should be using as our potential, we have no answer for them except the lower levels of the military or jail, or welfare, and I see a situation in which if you read that long piece on Russia in Time magazine, it is very interesting how one of the things it points out about Russia is that Russia has an enormous military machine and it continues to build that machine, but that as it builds that machine its own people domestically have less and less and less.

Now, it seems to me that there is a lesson in there for us somewhere, and I have tried to figure how—and we are not antidefense, but I thought the defense problem was a different one. I thought they were saying one of the problems we had was that when you talk about the helicopters and all of that, that we are losing our skilled people, we are losing the middle-level people who train others, we are losing technicians, we have military people on food stamps, but the big budget that was passed did not even address that. It was basically a contractors' budget, and it therefore addressed hardware, some of it so exotic that it is out of whack in 2 years.

So I think it is up to us. We have two scenarios. One will be a very dismal one in which there is going to be very tough social disintegration in this country, and my authority for that is no less a person than Mr. Burns, formerly of the Federal Reserve, who says if we keep adding to unemployment, adding to the number of people who cannot get into the structure, the social fabric is going to unravel in so many terrible ways, or we will move toward a repressive state in which some people are doing very, very well and the others have to be kept in hand because they are not.

And I think that maybe we are 4 years away from learning that lesson, but it is a lesson that is going to have to be learned. You cannot starve cities and starve the poor and block positive ways in which young minorities can go without paying a very terrible price for that. And ultimately I think that we either are going to recognize that and deal with it in time or we will reap the whirlwind that comes out of that.

CITY ANTAGONISMS

The CHAIRMAN. A number of policy decisions that we have made in this country recently have called for a number of tradeoffs which have exacerbated or created antagonisms between the old and the young, a tradeoff one against the other, and one of the witnesses yesterday alluded to this, and I then asked, do you see the same antagonisms developing at the level of class, and his response was, yes, that I see us moving in that direction.

Do you agree with that notion that in the context of your prognostication that you see the struggles in the cities if we continue to pursue this course coming down along the lines of class?

Mr. HOLMAN. Well, you see I think I would agree, and I try not to get into this argument that people love to have, is it race or is it class? I would love to see my granddaughter live in the kind of world that Martin was dreaming about in which race would not mean anything. I do not see that time actually occurring, so it is futile, it seems to me, to try to prove that racism is real and that it is still a problem. At the same time we have always known class is the important thing. It is difficult to deal with that very often in the Washington, D.C., context because race and class become one and the same thing. In other words, if you have a school system and you are trying to deal with race problems, and 97 percent of it is black, you then begin to work toward seeing very clearly class differences, and what is really happening here, I see at the present the most militant class in the country is the middle class. It is angry, angrier than anyone else seems to be at just this moment. It has more weaponry with which to deal.

It is class that the politicians relate to because it is the voting class, it is the decisionmaking class, and I shudder every time I see a program voted on in Congress which says low and middle income or low or middle income, whatever, because whenever politicians get a program coming into their cities—and we are working now in several cities, about 38 cities, on a community block grant program, showing them how they can use various ones of these various programs, to do that under the new rules the mayors have to sign off on which community we can work in, so in several cases we have found that the community we thought we should be working in, the mayor disagreed on, and in many cases he disagreed basically in terms of class, because you really had the people you have to worry about.

Anybody who has done a study of response to police calls, as we used to do in the Civil Rights Commission, knows that your chance of getting a fast response if you are in a middle-class neighborhood is three, four, or five times as great than if you are in a low-income, area. People know this as well. They know what kind of hospitals they get, as against others, they know what kind of clinics they get. They know it is not the recreation centers of the affluent people that get cut.

And it is creating some very, very difficult class tensions. Particularly I note the way it is being played on by certain social critics and certain people in the media where blacks are concerned, that is there is a great deal suddenly that we read about the inadequacy, the ineffectiveness of black political leadership, of black private-sector leadership. "Don't you really think, Mr. Holman, that this represents a failure of the black leadership class?" and of course this intensifies the unhappiness.

I was looking at a show, one show here in town because I like to hear this guy, and he has a lot of wisdom, not just folk wisdom, just wisdom, and in the course of his talking about being unhappy about these quellers, he said, "I am tired of these black leaders, whenever something blows up they go into quelling," you see. As he was saying this, he suddenly said, "and I got a letter about helping on the District budget, and I got this letter from all these big shots," and he named three or four white businessmen, then he said, "and Carl Holman," and he says, "All those cats got lots of money." It came as a great surprise to my family when he said that.

But there is an insidious way in which this is not talked about in the white community, that class business, but it is talked about a great deal as a divisive kind of thing in the black community. I think we are pitting class against class.

What happened in Gray's town was an example of that. Working-class people are being pitted against poor people, especially if they are poor minorities. He had a neighborhood in which they said we are going to build new housing, but in order to do this we are going to move the low-income people out, and other folks say that is not so bad, now we have a neighborhood in which we did not have to deal with the blacks, Puerto Ricans, and low-income people.

So then you have a lawsuit, you have the judge ruling, because on the basis of class they were saying we want to keep this kind of neighborhood. That is why you can get zoning for certain kinds of residences and not for others. That is why in any area where they are going to take any poor people, I can tell you the ones they will take, they will take the elderly.

I think the class thing is very real, and I think it is not unconscious that our policies actually move in that direction, and who is my authority for that? My authority for that is a gentleman in the Senate from the State of Texas who was sitting with us during the time that Mr. Agnew was chairing meetings on urban policy, urban growth, and he says we do not need urban growth, cities are too big already. But Mr. Tower said, "For 30 years I have sat here on the Hill passing laws that were supposed to help the poor"—I think he said Negro—"and white people, and for 30 years I have seen the benefits move up to other folks."

We have not improved on that a great deal since that time.

The **CHAIRMAN**. Mr. Holman, I would like to thank you and your colleague for appearing before this committee. You have made an enormous contribution to these proceedings. If any additional questions occur to us we would like to feel free to submit them to you in writing.

Mr. **HOLMAN**. Thank you very much.

The **CHAIRMAN**. Thank you very much.

The committee will stand in recess for 10 minutes. There is a vote on the floor.

[Recess.]

The **CHAIRMAN**. The committee will resume its business.

Our next witness is Dr. George Napper, who holds a Ph. D. in criminology from the University of California, a former college professor and has been for the last 2 years police chief of the city of Atlanta, Ga.

He is one of the few police chiefs in the Nation who has an advanced degree in criminology, and a personal friend, someone I have known for a very long time and for a number of reasons, I am very thankful, appreciative of your appearance before this committee, and would like to welcome you on behalf of myself and members of the committee and members of the staff.

STATEMENT OF GEORGE NAPPER, POLICE CHIEF, ATLANTA GA.

Mr. **NAPPER**. I am very honored to have been extended an invitation by you and the committee to be here today to comment on the issue at hand.

I have before you a general statement that I would like to read and then after reading it I will engage in discussion.

As chief of police for the city of Atlanta, the third largest convention center in the United States, a city of nearly 500,000 citizens, a city which represents the economic, commercial, banking, communications and transportation center of the Southeast, I am concerned about the quality of life in major urban centers.

Today, 12 years after Watts, Newark and Detroit gave birth to the Kerner Commission report that warned us to clean up our act, our country still faces many of the same problems mentioned in that report. Those problems were basically those describing the miserable conditions of the ghetto—poor housing, unemployment and limited opportunities for the unskilled.

URBAN PROBLEMS

America continues to have these problems and their existence still has the potential of sending more of our cities up in flames. Unemployment still is intolerable, particularly among black Americans, America still has poor housing, but, worst of all, America still has a spreading indifference to the plight of the poor and dispossessed in our Nation. This apathy toward many of the same conditions that caused public unrest in the sixties can cause a rerun in the eighties.

The recent riots in Miami, Fla., have sounded yet another warning to America. We did not heed the fire last time.

Many of the rural black Americans who lost their livelihoods to farm mechanization and moved to the big cities in the North have now returned. They did not find the jobs in cities because many of them did not have the education and skills necessary to get these jobs. Instead they found slums, welfare and in many cases a hostile police force. These circumstances and others have in the past 10 years caused a wave of black migration back to the South. Atlanta alone has witnessed a significant number of blacks returning to their birthplaces and birthplaces of their ancestors.

ATLANTA'S PROBLEMS

What they find in the South is a repetition of many of the same conditions they left in the North—unemployment, poor housing, limited opportunities for the unskilled. And while Atlanta enjoys a reputation as a great international city, it is not without many of the problems that plague other urban centers. What I believe distinguishes our city from many others is a quality of response from city officials that generates an atmosphere of hope, a feeling of being cared for and concerned about.

Our city government consistently has demonstrated a concern and a willingness to help those in our community who are less able to help themselves. We are concerned about solutions to the survival problems facing our poor and our black citizens. We are concerned about human needs, for we well know that to turn a deaf ear to the cries of the masses is to invite civil unrest.

We know that to address human needs is not only the humane thing to do; it is the smart thing to do. If people have difficulty surviving in our affluent society, they will not feel a commitment to its laws or have a vested interest in society's well-being.

In some cases their frustrations, their anger and their needs may lead some of them to steal or to rob their neighbors and others. In other cases, that frustration turns inward and close friends and loved ones become the targets of sudden anger and sudden violence. We can see this clearly in the fact that over half the homicides committed in Atlanta in 1979 involved people who knew each other—husbands and wives, relatives, close friends, or, at least, acquaintances. This is a pattern that is demonstrated throughout the country. Therefore it is not unique to Atlanta.

CRIME CONTROL

As we speculate about the social conditions and their relationship to crime, let me be very clear on one point—we can offer no excuses for anyone committing any crime. Understanding why does not excuse the criminal act. There is no excuse for breaking the law.

Black people, poor people, teenagers—they have a right to be angry about unemployment, about poor housing, about limited opportunities. They do not, however, have the right to rob, steal, to assault or to attack members of their community, be they unemployed or overemployed. They do not have the right to make fellow citizens live in fear as they move through the streets to their jobs and to their homes.

In Atlanta our police bureau strives to keep the city safe for all its citizens, black and white, rich and poor, northside and southside, uptown and downtown, in neighborhoods and all over, homeowners and renters alike.

Our police bureau is more than just a part of the criminal justice system. Its responsibilities are not just confined to responding to violators of the law. We see ourselves also a part of city government.

In this role we have an obligation to provide services to our citizens that are not related to law enforcement issues, but do have implications for the city's quality of life.

All of us are touched by crime. All of us suffer from the effects of crime and the social conditions that cause crime in our city and cities across the Nation. All of us have to work together to alleviate these negative social conditions that shackle our cities.

As chief of police, I am concerned about the social, psychological, and economic impact of crime on the people of Atlanta. I am concerned about the prospect of the more difficult battle against crime that lies ahead when one adds to rising national inflation and unemployment an increasingly heavy traffic in illegal drugs of all kinds; a traffic which is concentrated most heavily in our densely populated urban areas throughout this country, including Atlanta, and when one observes the Federal Government's reluctance to ban the importation, manufacture, sale, and possession of handguns, when accidental deaths and injuries are so prevalent, and when such a high number of homicides in this country are committed by handguns.

The lack of progress in these areas is disturbing. But, being disturbed alone is not enough. And while it is not my purpose to lay the blame for complex social and economic factors entirely at anyone's door, it is a fact that Federal cutbacks in national employment programs, cuts of Federal money for local law enforcement programs, have served to add fuel to the flames of a national crime wave.

Atlanta alone is losing more than 1,100 CETA jobs in fiscal 1980. That is bad news for the individual who will be out of work and bad news for a city fighting crime. It is time for the Government to understand that there is more than a casual relationship between unemployment and crime.

In the city of Atlanta, we realize that police agencies are limited in their ability to control crime. If negative environmental conditions aid in shaping the criminal, the ability of police agencies to control crime is directly related to their ability to control those social factors that produce crime, and, therefore, our limitations.

Police agencies have very little, if anything, to do with solving the Nation's economic, housing, education, and unemployment problems. This, however, does not mean that crime cannot be better controlled, more manageable and reduced to more tolerable levels. Indeed, doing so is one of the great challenges to this country, and especially our urban centers.

The city of Atlanta has taken a philosophical and programmatic posture that states that police cannot solve the problems of crime by themselves. We are involved in activities that educate citizens regarding the importance of their role in fighting crime.

Traditional approaches to crime control have been characterized by limited involvement from the public. Basically there has been an overreliance by the public on the criminal justice system in general and the police in particular for protection and for taking care of crime problems.

I believe that the role of the police is to supplement the citizens' basic responsibility for crime control; not to replace this responsibility. This is an important challenge that is being vigorously pursued in Atlanta.

Citizens have a personal and immediate stake in the control of crime. It is from their neighborhoods that the offender is spawned, often known to them as their friend, neighbor or child. They know intimately what conditions in their neighborhoods perpetuate crime, and to some extent how best to respond to them. It is they who most often must shoulder the full brunt of crime—from personal property losses to insult, injury, and even death to themselves, their families and friends.

That they feel apathy, a sense of powerlessness, and engage in efforts to isolate and protect themselves by hiding behind fortress-like homes and offices is to some extent a measure to which they have been excluded from active participation in crime control efforts.

As I have indicated before, Atlanta is not without its problems. We feel that the distinguishing factor is the quality of leadership that it provides. We feel this is true especially in the bureau of police services. We believe that the role of a police officer in a democratic society is that of a servant of the people who respects and is sensitive to the rights of every citizen in our city.

I believe that this concept is far more important than the legalistic wording of various rules, regulations, and policies.

Rules and policies are, of course, essential, but they are not sufficient. The problems in American cities where police officers have often become involved in presumably unimportant incidents—traffic stops, drunk-driving arrests, such as what occurred in Watts—are covered substantially by rules and by procedures, but until the police officers share a philosophy that human life is sacred, that they are professionals, that their job requires professional standards, and until that police code of professionalism and sensitivity is perceived by the larger community, especially poor and black citizens, as characterizing law enforcement in their respective cities, we will continue to experience dischord and strife.

Efforts to control crime and civil unrest cannot proceed effectively without substantial community involvement and the sensitivity of policymakers and law enforcement agencies.

There are no simplistic solutions to the problems of crime or urban unrest in American cities. Yet it seems to me that we know enough about their relationship to such compelling conditions as unemployment to make these conditions the targets of enlightened and meaningful social policy.

I believe it is a sad commentary on America's commitments and its memory that Wattses and Miami's apparently are needed to remind us of what is being done to treat, or not, is not being done to treat the negative conditions that characterize such a large sector of the American community.

I am not sure that as a human intelligent society we can afford this kind of amnesia.

Thank you.

The CHAIRMAN. Mr. Napper, I would like to thank you very much for your opening statement, and I do have a few questions I would like to ask.

A couple of our previous witnesses today, Mr. Patrick Murphy, he is the president of the police foundation, accompanied by one of his colleagues from the American University, indicated that during the disturbances of the sixties, many of them triggered by problems in the police community relations, learned that there was a need to train police officers to sensitize police officers to the minority community, black, Hispanic, etc., and that one of the great fears that at this particular moment in history, confronted with the notion of budget constraints that go all the way to the local level, where police departments are also required to contribute to that budget constraint, that the first thing that goes out the window are the programs that spoke to enhancing the quality of concern for human life and professionalism of the police department, namely, training programs, sensitivity programs, and that if we continue down in course of restricted budgets, that in throwing out these programs, that we will find ourselves back in the situation in the eighties not unlike the sixties, where many of our police departments around the country will no longer reflect sensitivity and understanding that is derived by these various support programs and different amenities.

Do you agree with that and do you perceive this trend as being potentially very dangerous in the country?

Mr. NAPPER. First of all, I would agree with that evaluation of that assessment.

BUDGET CONSTRAINTS

It is not true with respect to what is going on in Atlanta, but, as I have moved around this country and had the occasion to talk to other chiefs of police and observe what is going on in their cities, it does appear that that kind of mentality is characteristic of what is going on in the city, so that as the police budget is impacted, then the first programs to go are those that are very critical in terms of enhancing police community relations and in terms of trying to minimize the kinds of hostilities that have historically characterized police, and especially the minority community. I like to think the city of Atlanta is very enlightened with respect to the potential problems that could ensue from cutting back in these very key areas.

I think it is important for that to be something that is shared throughout the country because I think that the critical area, as I suggested in my remarks, does not have to do with having rules and regulations and maybe even great technologies and being efficient with respect to international mechanisms how a police department operates, but the police have to deal with people, and the extent to which they can carry out that responsibility and carry out their mandate with an understanding of the fact that there are other peoples with an understanding of the fact that there are other cultures with some sensitivity about the kinds of problems that characterize the various neighbors and various sectors of towns and to the extent that the people themselves understand that to be a commitment on the part of the police is going to help the police to carry out their responsibilities.

I think if you, to the extent that that is a trend, these kinds of cutbacks in these particular areas, I think the lone picture has to be seen as being very ominous in the context of other kinds of problems being aggravated by cutbacks from the National Government.

I think there is reason to believe at this point there is going to be increasing unemployment in various sectors of the country. There is going to be aggravated conditions of already existing negative problems, and to the extent that all of that happens, it will make it much more difficult and more compelling because of that for the police to have some basic understandings and to carry out their responsibilities in a professional way, understanding the importance of human life, and trying to diminish the possibility of antagonistic confrontations when a police officer meets a citizen.

ECONOMIC CONDITIONS AND CRIME

The CHAIRMAN. In the earlier part of your opening statement, you spoke with clarity and eloquence with respect to the relationship between the economic conditions of the country and rising crime.

Some people have suggested that as the recession deepens, as our economic problems become more explosive, that crime will increase.

As crime increases, tensions mount among the police officers themselves because they begin to perceive their work site as a warground as crime begins to escalate, particularly in low income communities, that they feel the ravages of the economics of the country.

As police then begin to become more uptight and greater tensions as a result of having to deal with higher crime rates, that this will tend to even further exacerbate the nature of the relationship between the police on one hand, and the community on the other, and that this together creates a potential for social dynamite in our various cities.

Would you comment to that?

Mr. NAPPER. Again, Mr. Dellums, I would agree with that kind of assessment. Too often people take a very narrow view with respect to the role the police play with respect to the crime situation. So I try to suggest what we understand to be basic relationships or basic social problems that lead to crime conditions over which the police have little control. Even if you take a police department that is viewed as being acceptable and even to some extent popular with the citizens, to the extent that the unemployment picture continues and in the direction that it is going the people who are viewing the police from a popular point of view, that situation cannot sustain itself over a long period of time because I also believe that if people feel they cannot get a piece of the pie legitimately, they are going to be involved in illegitimate kinds of activities to get their piece of the pie, and as they are compelled to move in that direction because of what is going on in the economic sphere, increasingly the police are going to be seen as their enemies because they are the ones who are trying to stop them from getting their piece of the pie.

To a real extent this whole thing becomes a very negative self-fulfilling prophecy; that the police officers will anticipate this kind of thing, the citizens who are being served by the police officer will feel that this is going to happen, both are going to be prepared to deal with the situation in a way that could indeed trigger something that nobody wants to see happen, so even under those conditions, what sometimes is viewed as a routine stop could end up being a Watts-like situation.

If you recall, the Watts situation was one where a person had been stopped for a DWI, and in part because of the history of that relationship between the LAPD and the citizens there, there is no such things as a routine stop. The likelihood of it happening increases as the negative social conditions that we are talking about existing in this country also are exacerbated by policy decisions that are made in Washington.

The CHAIRMAN. You just mentioned Watts and police practices, the potential for explosion and escalation.

In that regard I would like to ask, in your view are police practices—that is, in terms of their handling of both routine as well as extraordinary situations—still in your estimation a major cause of friction and confrontations between themselves and the minority community?

If so, why do you believe that?

Mr. NAPPER. Most law enforcement people would be reluctant to talk about or to define anything, as routine.

Usually we have seen a number of situations where homicides have occurred because it was viewed as routine and in fact did not end up being routine.

I would like to feel that there has been some progress in this area over the last 10 or 15 years because of the fact that there has been a focus on the importance of police community relations.

There has been an important focus on the need to recruit people who are sensitive, who see policing as something other than adventurous and excitement but seeing it as an opportunity to be of service to a community. I like to see that progress to the extent that it exists as emanating from hopefully more enlightened training programs that exist for recruits once they come to the Academy, and I think largely because of the thrust and the support that we have gotten from LEAA, and what I consider an enlightened administration, putting money into areas that are important for money to be put in in terms of here again enhancing not only police community relations, but also developing more innovative ways and more professional and humane ways which police can carry out their responsibility, but even in this area, if we assume that there has been this progress, and maybe as greater or less, depending on what city you are looking at, we like to feel in the city of Atlanta, because of Mayor Jackson's posture, and his advocacy for those who are dispossessed, and for the kinds of things that he stands for with respect to how police should carry out their responsibilities, there has been an obvious turnaround of the kind of thing that has historically gone on in the city of Atlanta Police Department.

There has been substantial changes in that context.

Again, as I have talked to both civilians and police officers in other cities, specifically cities, there seems to be some progress that is being made in those areas.

Again, however, I am concerned about what appears to be a decision on the part of the Government to cut back with LEAA funds at a time when it is very desperate that we have a beacon to continue to shine and give direction to those who want to be progressive as police administrators and as police officers, to make available to them moneys to do various kinds of things that contribute to the field, to make available to them information, experiments and other kinds of things that have happened in other cities that otherwise we may not be aware of or have the opportunity to be involved in.

The extent to which moneys have been poured into the community anticrime program as part of LEAA is basic to the effectiveness of the police; understanding that the police cannot do the job alone. To the extent you can get people involved in helping the police, you will have a greater impact on dealing with the kind of problems that confront any city.

I am not at all certain why the kinds of decisions that are being made are being made with respect to cutting back in these very critical and important areas.

The CHAIRMAN. I would like to turn to another area.

USE OF DEADLY FORCE

You spoke earlier about the worth and the value of human life. Earlier today we talked at some length on the issue of the use of deadly force and first I would like to get a sense of your police bureau's policy with respect to the use of deadly force, and, second, whether or not you think that there ought to be, as one argument was made, that the police chief has a great deal to do with shaping the policy and the internationalizing of that policy on the part of police in terms of the deadly force.

Another side of that says there ought to be a uniform standard or national policy with respect to the use of deadly force.

I would like for you to comment to that later, whether you believe we ought to have a national policy, national standard in this area, or whether the notion of policy with respect to the use of deadly force ought to continue to be at the local level and ought to continue to stay in the hands of local officials, police chiefs, mayors, city councilmen, etc.?

Mr. NAPPER. As a philosophy, I would be inclined to feel that those kinds of decisions ought to be local decisions, since the people who live in a given municipality are the ones who put up the moneys to fund the police force and its activities; then those kinds of decisions, by and large, should remain in the localities.

In reality the practices that exist throughout the country are such that, it seems to me, that it is imperative that we establish some uniform national standards with respect to the question of the use of deadly force.

I have a certain bias with respect to what that policy ought to be, and it should be one similar to what we do in the city of Atlanta, where the use of deadly force is restricted to those circumstances where a human life is endangered.

Other than that, there should not be a use of deadly force. What we do find throughout the country are policies that give wide discretion to police officers who in many cases have not gotten the kind of training that we have already spoken to as being necessary, or who do not understand the sacredness of human life and have been using deadly force in a variety of circumstances that to me are indeed quite criminal, and that has to be something that we are all concerned about, and we look at the impact of those kinds of circumstances where deadly force has been used, even if it were not discriminatory, it would be bad enough but there is obviously a disproportionate impact, a disproportionate number of victims who come from minority communities, and that just makes it all the more compelling.

Even if that were not the case, there is a sacredness about human life that has to be soemhow reflected in policies and standards that are put forth in anything dealing with the use of deadly force.

NATIONAL POLICY RE USE OF DEADLY FORCE

The CHAIRMAN. Tell me this. Where do you see the national standards in this area, from where would you see them emanating, from the Congress, from national police chief organizations? Where do you see the national policy emanating? Who should initiate such an effort? Should it be Members of Congress?

Mr. NAPPER. I haven't given a whole lot of thought to where it should come from.

The CHAIRMAN. Is it a debate that is occurring among your colleagues? Is it a debate that is occurring among police officers in national organizations about the question of the standardization policy?

Mr. NAPPER. As far as NOBLE, National Organization of Black Law Enforcement Executives, which just completed yesterday its annual meeting in Los Angeles, Calif., our position is that there should be a standard, a national standard and along the lines that we just indicated.

I don't recall any discussion as to who should be the ones to orchestrate that kind of thing. There has been some thought, at least it seems reasonable that perhaps the Department of Justice should have some role in that, and that there should be, maybe the FBI or some other agency to monitor and see what goes on with respect to cities in this area along with LEAA and others who are inclined to give moneys and provide assistance to law enforcement agencies.

There are a number of things that can be done to try and persuade those who are not in compliance, from a friendly position, to get in line with what is humane and in the best interests of the profession and what is in the best interests of the citizens who are being served by these police departments, but to be more specific with respect to your question, I personally have not given a lot of thought to where, who should be the ones to generate that.

My concern has been the fact that there needs to be that kind of standard across the board throughout the country.

The CHAIRMAN. I just have one additional question. It was a question that we prepared in advance of your presentation and it goes to the question of the role of the Federal Government.

ROLE OF FEDERAL GOVERNMENT

In your estimation, how might the Federal Government, in terms of policies, as well as programs, render meaningful aid to the efforts of big city police departments such as yours, to adopt and initiate policies and programs that advance "good" police work and reduce the tensions between police and local communities?

Mr. NAPPER. I think to some extent, Mr. Chairman, we have responded to the concerns that are raised in that question.

I think, first of all, it is important to understand as we have indicated that the police cannot impact on this problem by themselves.

Now, it is important to reiterate that because there are a number of people who believe that it is up to the police to control the crime situation, to contain the crime problem, to cool out the situation in various cities, and it makes the job all the more easy when we are convinced that there are enlightened policies that are made with respect to understanding the relationship between unemployment and poor housing and poor education and those kinds of social ills and the problem of crime.

I believe that any police chief sitting in this seat would tell you if they had all the answers, if they had the control that was necessary to deal with crime in their given community, that they would be inclined to resign from their position, to can it and sell it to other police chiefs who have a similar problem. It is important to understand that the police have very strong limitations with respect to how they can impact on a criminal situation.

Law enforcement is very reactive in its posture, does not do anything until a crime has taken place. That is a posture that we try to reverse in the city of Atlanta by being proactive, by doing things of a crime prevention mode, to try to stop a crime before it takes place rather than to try to get there in record time after it has taken place, so there is something about the nature of what law enforcement is all about in and of itself that suggests limitations on what it can do to impact on the crime problem.

Those are issues that have to be dealt with by other institutions, by policymakers such as yourself, to impact on those things that we know are related to the problem of crime.

Now, with respect to what can be done to help the police to more effectively and more efficiently carry out what they can do within its limitations, we have suggested already some movement in our own direction with cutbacks from LEAA.

I am convinced that the present leadership, for example, of LEAA, Homer Broome, the Administrator who is retired from law enforcement, who is a very capable person, has a sense of the kinds of issues with respect to the kinds of problems that affect law enforcement.

COMMUNITY RELATIONS

The kinds of programs that have been funded under his leadership, the community, the crime program under Cornelius Cooper that is designed again to enhance the relationship between the community and the police is money that is well spent because especially with respect to the question of police and minorities, there is a long history of antagonisms, mistrust, mutual mistrust that have to be overcome if police are going to be effective, if cities are going to be effective in dealing with crime problems.

To the extent that the police are doing it by themselves increasingly, they are going to be doing it more and more from a repressive point of view because we cannot get the cooperation and involvement of citizens that we serve. This is a fantastic challenge that we have to overcome.

Many minorities, especially black administrators, perhaps understand this more than any others, but we are able to make apprehensions, and for the most part they come because somebody cared enough and took enough time to say yes, I saw him; he was 6 feet 3 inches; he was wearing a red hat, driving a Chevrolet, or they were concerned enough once they witnessed that situation to come down and to be a witness during the trial.

Now, to the extent that we cannot get that kind of involvement, the police are going to be out there by themselves. There is no question about it in my mind, and they will be viewed increasingly in much the same way as they have been viewed historically, as an oppressive army out there to be the handmaiden of the status quo. I don't believe that is the role of the police agency, and I don't believe that police officers should be involved in that kind of role.

My concern is we continue to enhance the image of a police officer as being an advocate for the people that he serves, being concerned not just about incidents where there is a violation or a crime, or a criminal act, but also about issues of the quality of life, so that he understands the concerns that exist in a given community.

He understands, indeed, the politics, the actors, who are involved in those communities and is working hand-in-glove with those citizens to bring about a better quality of life which in turn will have some important impact on what the crime picture is all about.

It seems to me to take moneys away from or to diminish the role of LEAA in terms of establishing standards across the board, giving information to police agencies across the board, is making a very profound statement that the Government is not concerned about playing that kind of role, about not enhancing that kind of relationship, about not developing that kind of enlightened progressive humane police agency and police officer as a consequence of being involved in that kind of agency and to the extent that that is the case, it seems to me we are going very quickly down a very dark and ominous path.

The CHAIRMAN. Any questions by counsel?

Mr. DAVIS. No. Thank you Mr. Chairman.

The CHAIRMAN. Dr. Napper, I would like to thank you very much for your contribution to these proceedings and it has been a privilege to listen to you and to interact with you and it has been a personal pleasure to see my friend again.

Who would have ever thought we would be sitting at this level dealing with these kinds of issues a number of years ago, but it is a special pleasure to see you and hear you, and I am deeply appreciative of your coming here and providing us an opportunity to make a record in the hopes that somebody will understand that the urban centers of this country are in trouble, and it would seem we have some profound obligation to deal with those problems and to the extent that we can get your message and the message of these hearings out, we will endeavor to do so and I would like to thank you very much for that.

Mr. NAPPER. Thank you, sir, it is my honor to be here, and it is always great to see you.

Thank you.

The CHAIRMAN. Our last witness today, the mayor of Miami just called and notified the committee that he has a conflict in scheduling and will not be able to appear.

Maybe at some point in the future we will have an opportunity to meet with him again. Perhaps he will submit written testimony for the record.

These hearings will stand in adjournment subject to call of the Chair.

[Whereupon, at 3:45 p.m., the committee was adjourned, subject to the call of the Chair.]

PROBLEMS IN URBAN CENTERS—WASHINGTON, D.C., AND THE FEDERAL GOVERNMENT ROLE

WEDNESDAY, JULY 23, 1980

House of Representatives,
Committee on the District of Columbia,
Washington, D.C.

The committee met, pursuant to notice, at 9:55 a.m., in room 1310, Longworth House Office Building, Hon. Ronald V. Dellums (chairman of the committee) presiding.

Members present: Representatives Dellums, Barnes, McKinney, and Daniel.

Also present: Edward C. Sylvester, Jr., staff director; Elizabeth D. Lunsford, general counsel; Donn G. Davis, Dietra L. Gerald, and Robert B. Brauer, staff assistants; Harry M. Singleton, minority chief counsel; and Hugh Van A. Starkey, minority research analyst.

STATEMENT OF THE CHAIRMAN

The Chairman. The Committee on the District of Columbia will come to order. Today, the committee will resume hearings on the conditions of the Nation's urban centers, including Washington, D.C., and the Federal role in assisting these cities. The previous 3 days of hearings on this subject have focused on a number of specific problems and have compared the experience of other cities with conditions in the Nation's Capital. The witnesses have included some of the country's foremost experts on, and observers of, urban centers. They have described the nature of the most urgent problems, identified trends over the last 15 years affecting the vitality of major urban centers and suggested ways that Federal aid to cities might best meet the needs of these cities.

As I have said before, I believe that through these hearings and this kind of inquiry we can bring national attention to the nature of these urban problems; we can perhaps find some new perspectives of these old problems; we can explore new concepts of Federal policy toward cities; and, most of all, we can challenge national leaders to renew the will to find solutions to these continuing problems.

Outstanding witnesses such as Dr. Marvin Dunn, associate vice president of Florida International University, warned the committee that "Miami's tragedy is America's tragedy." What happened there could have happened any place in this country, given the fact that in 1980 and perhaps to an even more serious degree, the existence of the same problems in America that are outlined in the 1968 Kerner Commission Report.

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Dr. Arthur Flemming, Chairman of the U.S. Civil Rights Commission, testified that during the past 20 years of dealing with these problems, there are two typical responses by the general public, the media, and government officials to the outbreak of violence: First is the temporary, sporadic improvement. Second, in a very short period of time complacency sets in and grievances will continue to fester. Hopefully, the outcome of these hearings will have a more lasting effect.

The Joint Economic Committee of the Congress published a report in April 1980 entitled "Trends in the Fiscal Conditions of Cities: 1978-1980." The report includes the results of a survey of the fiscal condition of 302 cities. A major finding is that for all cities current expenditures are rising faster than current revenues.

It is therefore evident that any serious attempt to solve these problems both in Washington, D.C., and elsewhere must include a national commitment to solutions that address the problems not as the concern of competing jurisdictions, but as a national problem requiring effective and efficient Federal policy to assist in the growth and development of these urban centers.

In these fiscally conservative times, the most effective argument for addressing these domestic needs and placing them high on the list of budget priorities is the fact that it is more cost efficient to solve problems now than to pay the enormous social cost later.

We have found as a result of the previous hearings that this is a very useful inquiry. The witnesses have provided fascinating insight into the conditions of urban America and have encouraged the committee to go further with these hearings.

During the next 2 days of hearings the committee will receive testimony from officials of the District of Columbia Government. Opening today's hearings is the mayor of the District of Columbia, Mayor Marion Barry, accompanied by several members of his staff and cabinet. I would like to welcome you, Mr. Mayor, here today, and, as you know, our invitation to participate in these hearings preceded your July 21 speech, which I congratulate you on, announcing the comprehensive financial plan for the District of Columbia. I expect that the committee and I will be working with the city on this initiative in the weeks ahead. Without commenting on the merits of any specific elements of the plan announced on Monday, I would like very much to compliment you on your bold approach toward this critical problem and on your efforts to encourage all parties concerned, the residents and employees of the District of Columbia, the City Council, the Congress and the Federal executive branch to face head on this severe financial problem.

Again, I would like to congratulate you on the bold steps you are taking toward resolving these problems.

However, our purpose here today is to receive from you testimony on your view of the overall urban crisis and what you perceive as the appropriate Federal role in assisting cities, not only from the point of view of Washington, D.C. and its unique relationship to the Federal Government, but also in terms of its experience as a major urban center with all the problems of other similar cities in the Nation.

We have your prepared remarks, Mr. Mayor. At this time, I would appreciate it if you would introduce your colleagues for the record, and you may proceed in any manner you find appropriate.

Mayor **Barry**. Thank you, Mr. Chairman.

The **Chairman**. Before you proceed, Mr. Mayor, without objection, we would like to include in the record at this point the statement of my distinguished colleague and ranking minority member, Mr. McKinney.

[The statement follows:]

Opening Statement of Representative McKinney

Mr. Chairman, last month, this committee sat through many hours of testimony on the plight of the American city. Notable urban experts, from various backgrounds and perspectives, came forth and painted what we must acknowledge to be a bleak picture. Besides providing us with new perspectives on old problems which are familiar to all of us today, these experts addressed the future and continually reiterated a strong belief that things might well get worse before they get better without a revived commitment to tackle the problems.

WASHINGTON, D.C.

Today, we embark on another aspect of the same hearings by narrowing the scope of our attention to singularly focus on our nation's capital. This time around, we do not have to call in the academicians, federal officials and urban experts to learn about the problems confronting the District of Columbia. Rather, by keeping our eyes and ears open, by reading the front page of the local daily newspapers, and by calling forth the wealth of knowledge we have accumulated by sitting on this committee over the years, we in Congress should already consider ourselves to be experts on the problems of this city. Thus, I guess that I feel a shared frustration with everyone in this room when I say that I am tired of being an expert on the problems—I want to become an expert on solutions.

Today, we have before us the Mayor of the District of Columbia along with his chief advisors and tomorrow we will hear from other city officials. I know that all of these men and women are working overtime to try to find a way to bring this city through a very trying time. We are all aware of the fact that this is not an easy task. There are political, social, economic and humanitarian forces pulling from all directions on every major decision that will be made. we in the Congress, knowledgable of the fact that we still hold the budgetary strings, enjoy a certain luxury in being insulated from the hard decisions. Those tough decisions will affect the life of every citizen in the District and must be made by the officials who will come before us during these hearings. I do not envy them in this task.

Mr. Chairman, I have a terrific amount of faith in the future of the District of Columbia. Save for this fiscal crunch, which I hope we can get a handle on soon, this city is very alive, Its downtown is not dying, it is in fact vibrant with construction which is the envy of many cities twice the size of Washington. It is not isolated from the suburbs, but rather it enjoys a limited partnership with neighboring counties which serves as a model for other intergovernmental agencies throughout the land. The rage of racial discontent which once tore this city apart has all but disappeared and the energies once expended on destruction have now been harnessed to build a city in which its citizens take pride.

DISTRICT PROBLEMS

That is not to say that this city is without problems, however. As much as we may like to sometimes look at the nation's capital as a model city, we are not without our housing, health care, environment and youth employment problems endemic to any city. But, I do not believe that these problems are intractible. With a concerted effort, local and federal government and the private sector can play a major role in bringing about solutions to these and other problems. However, as I said in my opening remarks at our earlier set of hearings, "Uncle Sam stands powerless in applying our loosely written national policies unless these policies are readily converted into action by *strong, effective* and most importantly, healthy local government."

Thus, the task before us today is not to set forth on a visionary exploration as to where this city will be in five years, ten years or at the turn of the century. Rather, I would like to know where we will stand in one year or two years. Are we on the right track to that point when we can put that "healthy" label on the District government. I certainly hope so, and I look forward to hearing from our witnesses.

Thank you.

STATEMENT OF HON. MARION S. BARRY, JR., MAYOR OF THE DISTRICT OF COLUMBIA, ACCOMPANIED BY ELIJAH B. ROGERS, CITY ADMINISTRATOR; JAMES BUFORD, DIRECTOR, DEPARTMENT OF HUMAN RESOURCES; WILLIAM R. FORD, DIRECTOR, DEPARTMENT OF EMPLOYMENT SERVICES; BURTELL JEFFERSON, CHIEF OF POLICE; AND ROBERT MOORE, DIRECTOR, DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Mayor BARRY. Mr. Chairman, I would like to commend you for putting forth an effort to bring to bear some major discussion about our cities. As you know, Washington is the 13th largest city in America, and similar situations are occurring all over; so I think the committee, in particular, has to be commended for continuing the dialog and raising the issues and questions of what happens to our cities in general and what is happening to Washington, in particular, because we are in a sort of antiurban climate right now. So, again, I want to indicate that.

I have with me Burtell Jefferson, Chief of Police; Bob Moore, Director of the Department of Housing and Community Development; Elijah Rogers, our City Administrator, who was once City Manager in Berkeley, right down in part of your district; Bill Ford, Director of the Department of Employment Services; and Jim Buford, Director of the Department of Human Resources.

Again, I appreciate this opportunity to come before you. I would like to apologize for not being able to get here at your first round of hearings. As you know, we had talked about it, but it was a scheduling problem, and certainly I am desirous of being as helpful as I can in these tough times.

Mr. Chairman, and members of the committee:

> It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of light, it was the season of darkness, it was the spring of hope, it was the winter of despair, we had everything before us, we had nothing before us, we were all going direct to heaven, we were all going direct the other way—in short, the period was so far like the present period, that some of its noisiest authorities insisted on its being received, for good or for evil, in the superlative degree of comparison only.

I am sure we all recognize the quotation I have just recited as the opening lines from "A Tale of Two Cities," written in 1859 by Charles Dickens. But if you think about it, Mr. Chairman, it could very well have been written as a description of the plight of American cities today in 1980, where these are the worst of times and these are the best of times, and it depends on who you are talking about as to whether it is the worst or best of time for all of us.

DISTRICT PROBLEMS

Also, I am delighted to appear before you today to discuss the critial socioeconomic problems facing the District of Columbia and most major American cities. As you well know, these problems are no different than they were more than 10 years ago. This is documented over and over again in the report of the National Advisory Commission on Civil Disorder.

Mr. Chairman, if you look at any data, statistics of employment or unemployment, of income gaps or infant mortality or death rates, you find, as a whole, our city population statistically looks the same way, in some instances worse in 1980, as they were in 1970. And we are not likely to get a better view of socially directed violence, what underlies it, what sets it off, how it runs its course, what follows, and what solutions are needed to prevent such explosions in the future.

MIAMI

I believe that the recent disturbances in Miami should cause each of us to take a long, hard look at what has changed and what has not changed since the turmoil that occurred in our cities over a decade ago. For too many of our brothers and sisters in this country, nothing has changed. As we look at our cities today, we see a continuing and disturbing pattern.

Public officials in urban centers around this nation are being challenged to find solutions to serious social and economic problems with ever-diminishing resources. Mr. Chairman, let me say that this is a problem that all of us big-city mayors are constantly discussing. A week and a half ago, I was talking on the phone to Coleman Young, in Detroit, about the strike there and the fact that he wanted very much to give employees an adequate cost-of-living increase, but there was no money available to do so. The same is true in Atlanta with Maynard, and Ken Gibson in Newark is in much worse shape than most of us in terms of diminishing resources and increasing expectations and increasing cost just to provide the minimum services to our people—no frills, no luxuries, just the basics—so we are confronted with the situation where we have to make some tough decisions, unpopular decisions, agonizing, excruciating decisions, about what do you do with resources, and I think that is a key here. So, therefore, without question, additional Federal assistance is needed for this critical endeavor.

IMPLEMENTING URBAN POLICIES

Unfortunately, the current state of the economy is an overwhelming setback to the progress of cities. You know the debate that went on around balancing the Federal budget and who took the brunt of the reductions, social services, cities, and revenue sharing, and, therefore, we must recognize that the District of Columbia, as well as other urban centers, must endure in an antiurban climate. While substantial progress has been made in developing a national urban policy, we still have a long way to go toward achieving the effective implementation of such a policy.

For example, welfare reform and national health insurance legislation are postponed from year to year. The Humphrey-Hawkins bill provides us with a policy framework for achieving full employment. However, we have moved away from specific programs needed to implement the policy.

National jobs programs and housing programs are slashed. It has been said that cities are America's most valuable resources. Large and small, in all locations, they comprise the results of efforts by millions of people to sustain and improve the quality of their lives.

In recent years, the Nation has squandered too many of its urban resources and has decreased the productivity of too much of its urban investment. The litany of specific "urban problems" is familiar. In some cities the problem is precipitous. In others, the problem is uncontrolled growth. In most cities, decline and growth exist paradoxically side by side.

Problems have spawned programs—programs for housing, for employment, for the environment, and for transportation. And yet the problems continue to outdistance the programs.

The 1960's were a decade of concern for cities. There was considerable outrage about the plight of cities, although few solutions were offered. Unfortunately, those jurisdictions which are relatively free of urban problems did not want to share in the social and economic burdens of the times—and they still do not. This attitude may be characterized as an unenlightened self-interest, which forces the cities to cope on their own.

UNEMPLOYMENT

Mr. Chairman, and members of the committee, in the District, we have double the unemployment rate of the suburbs, triple the crime rate, and four times the poverty rate.

Even these figures, as discouraging as they are, only tell part of the story. People talk of an urban resurgence. What they mean is that an affluent population is moving back into many of our cities. This trend is greeted with enthusiasm by many. Yet, even though the revenues are badly needed, such resurgence tends to hide other problems.

Average income levels go up. But the number of unemployed and those living in poverty may be just as many or more as existed prior to the resurgence. Competition for available jobs increases. The price of real estate is driven up.

Incidentally, as we well know, the average cost of a house in the District is about $90,000 this year, and it would take an income, according to most standards, of between $35,000 and $40,000 to purchase an $80,000 house, assuming you could get the downpayment in order to meet your mortgage notes, and that means our own low income citizens are displaced and the housing shortage becomes more acute.

All high-density cities are besieged by a wide array of urban problems. In most jurisdictions, the affluent suburbs send revenues to State treasuries, which in turn redirect funds back to urban centers. Even though these funds are inadequate, they do offer some assistance to cities. For instance, if there is a displacement of people or people who move from the city of Baltimore into Baltimore County, the State of Maryland still captures that revenue. The same is true with Richmond, and Prince Georges County, and Montgomery County.

However, in the District we gain almost zero benefit from the affluence which we generate for our suburbs. Suburban Maryland and Virginia taxes are sent to Annapolis and to Richmond.

Also, Mr. Chairman, this is a favorite subject of both of us, that the District is also unique in that we are the only jurisdiction prohibited by Congress from taxing non-resident income. We estimate that is about $300 million of income for the District if we were allowed to do as other States which have a State income tax could do, that is, tax those who work here. In the District, Mr. Chairman, 68 percent of all the income is earned by those who live outside the city limits—68 percent—which means, then, that we can only use 32 percent of all income earned as our tax base, which is a very, very narrow tax base.

Around the Nation, 51 cities have a nonresident income tax. Moreover, every State in the Nation which has a State income tax has the authority to tax the income of nonresidents which is earned inside the State's borders.

FEDERAL LAND IN WASHINGTON

Also, Mr. Chairman, a huge proportion of the District's land is held by the Federal and foreign governments and is therefore tax-exempt. There is a mechanism, as we all know, for compensating the District for all the property, sales and income tax exemptions granted to the Federal and foreign governments—the Federal payment. We know the problem with that and the litany of concerns, and again I want to offer my thanks to you and Congressman Fauntroy for introducing and having held hearings and hopefully try to get enacted our fixed-formula Federal payment which is predictable, which is tied to local revenues, and which will enable us to plan better our own budget.

FEDERAL PAYMENT

Let me say for the record, Mr. Chairman, in that regard the city government believes that the Federal payment is too low compared to the revenue that we are losing because of the ownership of all that land.

Also, Mr. Chairman, a lot of our budgetary problems relate directly to the fact that the Federal payment has been as high as 50 percent of the District budget sometimes and now is less than 20 percent.

Mr. Chairman, let me make it clear that I would prefer that the District not be dependent upon the Federal Government as much as it is. But because we have intense poverty problems, because we are prohibited from taxing nonresident income, and because we have a small geographic area with serious social and economic problems, we are dependent upon fair treatment by the Federal Government.

DISTRIBUTION OF TAXES

Mr. Chairman, let me also say when you look at the Nation as a whole, 20 years ago, only about 35 percent of all the taxes raised in this country went to the Federal level and about 60 to 65 percent stayed at the local level—State, county, and city—whereas if you look at that situation now, it is just the reverse, about 60 to 65 percent of all taxes levied in this country go to the Federal Government and only about 35 or 40 percent stay at the local government, which means that local governments have no choice except to ask for and rightfully request that the Federal Government would put back into our jurisdiction a greater share of the money that they take from us.

For instance, in the District we pay $1.4 billion in Federal income taxes—$1.4 billion. We get back, including our Federal payment, our Federal grants, and everything, probably about $800 million. Not that we should get back every penny we put out because the idea is to take from those who have more and to distribute it to those who don't, but, again, we are getting back a little bit less than two-thirds of what we put out.

Therefore, that is why we continually talk about the role of the Federal Government in our cities in general and in the District in particular, because Washington, as you know, Mr. Chairman, is the only city in America that has been governed exclusively by the Congress for the past 150 or more years even though the Federal Government includes what happens in New York, or Philadelphia, or Berkeley, or Oakland, or San Francisco, this is the only city that has been governed by the Federal Government; so it is only legitimate discussion to say, go to those who are responsible for having done that to ask for relief.

If I were in other cities, I probably would ask for a different form of relief, but this is the Nation's Capital, governed still, as you know, budgetarily, by the Congress.

HOUSING

And so as we look at Washington, we find that the Nation continues to be plagued with lack of adequate housing for low- and moderate-income persons as well as the lack of comprehensive national policies to correct this situation. Mr. Chairman, the fact that 265,000 subsidized housing units were constructed in 1977 and 1978 offers little consolation to the thousands of families that must make do with housing that is overcrowded, unsanitary, unsafe, and overly expensive.

Too many forget that nearly 60,000 housing units in this city require major improvement. Again, the problem is money. That is how you improve the housing stock, is money. If Bob Moore would comment on our housing programs, we would find that it is going to cost us an average of $45,000 to $50,000 a year to renovate units even for our public housing tenants. There are 5,000 families on the waiting list to get into our most subsidized housing, which is public housing, some as long as 4 or 5 years. Again, this is not a situation, Mr. Chairman, that we all enjoy being in and around, but, again, the problem is money.

We still see vacant lots that stand as testimony to the civil disorders of the sixties—lost housing, lost businesses, lost communities that we have only begun to replace.

I am happy to announce that for the next year, the District, with the leadership of the Department of Housing and Community Development, is planning to assist over 3,000 subsidized housing units. This goal includes 400 units of new housing construction and 1,900 units of rehabilitated housing.

But we have only touched the surface of the city's housing problems. Cuts in Federal housing programs not only hinder our progress, but may serve to reverse our progress to date.

Let me also say, as we talk about housing, Mr. Chairman, we are finding that a significant number of low- to moderate-income people don't really leave the District. They may leave Shaw or Cordoza, but they move to Anacostia, the far northeast, or someplace in the city, doubling up and tripling up with relatives and friends. They are not going to Prince Georges County or Montgomery County, or Virginia. The people who are leaving the District are those with moderate to middle income, commonly called the middle class people.

It is our view that 85 percent of those persons are blacks who have income and take income with them and those without income or with little income don't leave the District; they move around in a circle, circle to circle, place to place, and that bothers us a great deal.

UNEMPLOYMENT

Also, unemployment touches us in many different ways, and I am particularly disturbed about the lack of available jobs for the Nation's youth. In November 1979, 2,695,000 young people actively looked for work for 15 weeks or more, but could not find it. Many more were too discouraged to look.

In 1978, the average unemployment rate for District labor force participants 16 to 19 years of age was 39.9 percent, nearly four times greater than the unemployment rate for all District of Columbia labor force participants in the same year and an increase of almost 120 percent over the youth unemployment rate in 1970. The unemployment rate among minority youths is even more drastic. Almost half, Mr. Chairman, of these young people are being shut out of the mainstream of our society.

We need a way to conceive of cities and city problems that leads to feasible and effective solutions. We need to recommit ourselves to address the conditions which give rise to violence and destruction.

PRESIDENT'S NATIONAL URBAN POLICY

On March 27, 1978, President Carter announced a comprehensive national urban policy in response to these needs and problems. It involved a "new partnership to conserve America's communities." The programs which have been implemented clearly demonstrate that his administration has a concern for the welfare of urban Americans. But a number of the urban policy programs which would provide even more relief to cities have not been implemented. We have not solved, Mr. Chairman, the problems of cities. We must continue our commitment of dealing with problems in a consistent and comprehensive manner.

Urban policy requires a major new commitment to making development of our urban centers a top priority. It requires targeting funds for our least affluent citizens. Finally, it requires a commitment of resources to these priorities.

Let me add, Mr. Chairman, as we very well know, this Nation would rather spend money to house missiles than to house people. And that is something that none of us like to think about, but that is a fact.

Therefore, Mr. Chairman, Congress must enact, and the President must approve programs for targeted fiscal assistance, for youth employment opportunities, for national health insurance, for EDA loan guarantees, for emergency public works, and for expanded housing and community development block grant programs. Implementation of a full employment policy would have, in fact, balanced the Federal budget, in our view, without causing the human suffering of the loss of jobs and loss of hope by millions of Americans.

Because these and many other actions of the Congress and the President so vitally affect our cities and the people who live therein, we must continue to press for their enactment and implementation.

In conclusion, Mr. Chairman and members of the committee, I would like to quote the late President Johnson in his address to the Nation on July 27, 1967, which states, in part:

> . . . the only genuine, long-range solution for what has happened lies in an attack—mounted at every level—upon the conditions that breed despair and violence. All of us know what those conditions are: ignorance, discrimination, slums, poverty, disease, not enough jobs. We should attack these conditions—not because we are frightened by conflict, but because we are fired by conscience. We should attack them because there is simply no other way to achieve a decent and orderly society in America.

Finally, Mr. Chairman, again in this room with you and myself and all at this table, it is almost like preaching to the saved, but I want to preach, anyway. Maybe the unsaved will hear us and something will happen.

The CHAIRMAN. I appreciate very much, Mr. Mayor, your opening statement, and I think your latter comment, it is outstanding. I think that is one of the reasons for being here, that there are others out there who hopefully will listen.

Before we get into the questions, I wanted to indicate to you that it is at least our tentative thought that we would proceed to mark up the bill dealing with the formula for the Federal payment sometime in August, with a view toward bringing it to the floor in September.

As you know, it is anticipated that the Congress will adjourn the first week in October sine die, so we expect in that last month, September, that we would anticipate trying to bring the legislation to the floor of Congress if we all have done our homework and the votes are there.

Mayor BARRY. We appreciate that, Mr. Chairman.

The CHAIRMAN. You, Mr. Mayor, pointed out in your opening remarks that the District is not a State, and that it lacks the powers of States because it cannot tax nonresidents.

GUARANTEED REVENUES NEEDED

My first question is, does the District stand a chance from your vantage point of solving its problems without either the power of a State or revenues equal to those of States guaranteed by the Federal Government?

Mayor BARRY. Mr. Chairman, the answer is clearly no. There is no way that the District economy and our people who are now among the highest taxed in this country could find ways of generating the additional $300 million, thereabouts, that we could either get from nonresidents or we can get in the form of some long-range Federal guarantees to give us cash to run the city.

Let me say, Mr. Chairman, about all these numbers that people talk about, the numbers are real. They are developed not by this administration, but by independent auditors, and you know auditors are not going to put their name on something that is not real. Arthur Andersen is an outstanding auditing company. Lucas Tucker, a minority firm, is an outstanding audit company. We can't wish the numbers away; we can't talk them away; we can't blow them away. They are there.

So the answer to your question is no; we cannot solve these problems without this additional authority or without the additional guarantees. On the other hand, we are prepared to do all we have to do to give leadership to the solution, but the solution is not in our hands by itself. It is in the hands of others that we have no control over directly, only try to influence the direction of what they do.

If I had the authority, Mr. Chairman, and had the full power, I could very easily solve the District's problems. If I had the authority to determine the level of the Federal payment, I would do that, and the Federal Government would send us a check, and that would begin to solve our problems. If I had the authority to tax nonresidents, I would do that, and if I had full taxing authority to even tax our own people, we would selectively do that, and our problem would be solved, in terms of money, not in terms of technology and the programmic thrust of getting everybody in a job and into a house.

But for my immediate problems, if I had all the authority, we would be in good shape now, but I don't have that authority.

FEDERAL PAYMENT

The CHAIRMAN. When one looks at the figures with respect to the Federal payment, there seems to be a difference of about 30 percent between the Federal payment to the District of Columbia prior to home rule and Federal payment to the District of Columbia since home rule. Can you comment on why this difference exists?

Mayor BARRY. Mr. Chairman, I think that the idea of the Federal payment goes back over a hundred years, as you very well know; that the Federal Government, and rightfully so—this is the Nation's Capital—owns and controls a lot of land. The land relationships have not changed significantly in the last 50 years; that is, the Federal Government has owned and controlled for the last 50 to 60 years approximately 50 to 55 percent of all the taxable land in the city, and there is no logical reason why the payment ought to shift up and down from year to year if the idea is to compensate us for that land. If anything, it ought to go up, not to go down.

In the past 5 or 6 years, some Members of Congress have used the Federal payment as a way of balancing the budget. That is when we came in with our revenue increases. I remember that 3 years ago the District had about a $20 million to $30 million open cash balance at that time in our old way of doing business, and the Congress took that $20 million to $30 million and used it and reduced the Federal payment by an equal amount up and down; so there is no logic to it at all.

Let me just say in the past in the House side of it, and Mr. Natcher clearly points out and he is right, that when he was chairman of the committee, he would always only save $3 million or $4 million of the Federal payment for what he described as an emergency and the great decline came in the Senate. If we look at the history of it in the last 4 or 5 years, it started going down and down in the Senate and the compromises brought it up halfway.

There is no logic for why the payment is, one year, $238 million; another year, $276 million. I think that is wrong. That is why I am appreciative of the fixed-formula payment approach. At least there is logic to it, and you can predict and know exactly what you are doing as opposed to the arbitrary and—they are just not logical.

IMPACT ON DISTRICT PROBLEMS OF SURROUNDING AREAS

The CHAIRMAN. I have a couple other general questions. How do you assess the impact of the surrounding jurisdictions on the problems of the District of Columbia that you alluded to in your opening remarks?

Mayor BARRY. Mr. Chairman, I think when you look at the 16 jurisdictions which make up the Council of Government area, we probably have a better relationship than ever before, since I have been Mayor, with the county executives in Montgomery, and Prince Georges, and Fairfax, Arlington, Alexandria, Falls Church, and others, because our relationships have gotten better since January of 1979, and we are working on some common problems, such as sludge and transportation.

We have the Baltimore/Washington corridor, which is an economic development program, but what we have found, though, is that the surrounding suburban jurisdictions are not yet willing to take on what I call the poverty factor relationships. If you look at all the subsidized housing in the region, and maybe Bob can speak more specifically to it, we have a larger share of the subsidized housing, section 8 public housing project.

We find that in jobs, because of transportation and other reasons, the surrounding jurisdictions are not encouraging job development for District of Columbia residents as much as I am trying to encourage job development for District of Columbia residents, and the same thing is true with health. So you don't have them taking on the actual program needs that we need. Even though there is a willingness to discuss these problems more than ever before, they are not getting to the operational level where you see them taking these on, and therefore we have a larger poverty level of need in the District, that is, a larger percentage of our people have a need for direct services, social services, housing services, job services, in proportion to our population than is true in the other 16 areas.

It is my understanding from time to time these areas turn back section 8 kinds of funds and other kinds of job development funds, CETA funds, because they have not yet taken on the situation.

Finally, I know in Prince Georges County, through Mr. Hogan's leadership, they are discouraging single-family apartment dwellers to come to Prince Georges because it then means an additional need for police services, schools and social services.

With the TRIM movement out there, which limits the county's tax authority, they said we would like to not have any more growth in these areas. Those persons who want to purchase the $200,000 houses and others, we welcome them, but those who want to rent and purchase low-cost housing, if you can find it, they are not necessarily welcome. So we are here with people who have the needs but not the resources to deal with it.

TREND FOR YOUNG-OLD CITY RESIDENTS

The **Chairman.** That is very interesting. You know, we have done a housing profile that we will certainly at some point give to you. Our preliminary report indicates, for example, that in the District of Columbia, a rather small percentage of the total households here are households with children, and that those households that do have children are families earning $10,000 and less, or families that earn $35,000 and more. Those families earning between $10,000 and $35,000 per year, whether they are black or white, leave the city. Once they become married and start to have children, they leave the District of Columbia.

In addition, other testimony during these hearings indicates that if this trend continues, not only in Washington, but in other major urban centers in the United State, that the cities of America might in the not too distant future end up cities of young people, senior citizens, and low-income minorities.

Would you comment, please?

Mayor **Barry.** Yes, sir, Mr. Chairman. I think that is an accurate reflection of what is happening. We are seeing it here where eventually the District will become as other cities, a place for the very poor and the very rich, but nothing in between, a big void, and we all know from our economic and sociological point of view, you have to have that middle income family and group of people to bridge that void between the very, very poor and the very, very rich.

What happens in our city, Mr. Chairman, is unusual because we have probably the second highest per capita income in the Nation, but that is distorted, because it is taking all of us, and it is taking the salaries and dividing them into the population and giving a distorted picture of how well off we appear to be, because when you look beneath that second largest per capita in the country, you find people with no income.

DISTRICT'S SALARIED RESIDENTS

The other thing which is interesting about Washington is that most of the people who have income in the District, who earn it, do it primarily from salaries. We are a large salaried population. We are not a population of great investment and great wealth where people take their money and make other money. Most of the people in the District work for their money in the sense that they physically do labor of some kind as opposed to their money does work for them as it is in some industrialized cities, and that is another problem.

That is why the economy affects us a great deal, too, because when the income stream slows down, that means that affects our taxes and other kinds of development.

The other thing, Mr. Chairman, if we are not careful about, is that we have to keep people who are mobile; that is, who can leave the District and go other places; we have to make the District more attractive to keep them here, from an economic point of view more attractive, from a social, cultural, environmental point of view, so they can stay here, and I am urging everybody to stay.

Finally, Mr. Chairman, one thing that happens, the real estate sales people don't help, either. They are interested in making a commission, and they will sell a house wherever they can, and they are not encouraging people to look in the District as much as I want them to. I know in talking to a couple of people in my administration, they were looking for homes, and they have been encouraged to look in Maryland and Virginia. They are not going to do that because they can't work in this administration at the levels where they are and live in Maryland or Virginia, but they told me that is what is encouraged.

We have to get the real estate industry involved, saying, "Look, let's try to make Washington from a real estate point of view more attractive and push people into staying here."

The CHAIRMAN. One of the interesting things about this observation, that the cities of the country are rapidly becoming cities of the very poor and the very rich, where the middle class, the angry class for a variety of different reasons—and in Washington, D.C., this tends to be predominantly black or third world—middle-class blacks are moving out; where the very wealthy don't tend to need many of the public social institutions and the very poor have extraordinary difficulty because of their powerlessness to make the institutions respond to them; therefore, it is possible that there is no advocate to make the institutions of government responsive to the people. For example, in education, there are few here to put the extraordinary pressure on that institution, and so it continues to go downhill.

Do you get any sense of that here in the District?

Mayor BARRY. To some extent, Mr. Chairman. Naturally, those of us in the local government administration constantly try to be sensitive and try to be compassionate and try to respond and try to keep our antennas out as to what some of these needs are, but I think the school system is a good example of what you are talking about.

I personally believe very strongly in public education. I am a product of it, and I find that increasingly a number of middle-income people in the District who have their children in public schools, either after elementary school, sixth grade, take them out, and put them in private or parochial schools, and they are not at the school working with the principals and the teachers to try to improve that product.

The other thing which happens is that for whatever reason or another, and I believe in an elective school board, a significant number of people either think it doesn't do any good to go out and get somebody elected on the board that is going to be responsive, or they don't have any interest, they don't have children in the schools, and therefore they don't go out to worry about that. I think the school system is an example of that phenomenom happening.

So what you have left are the people who either don't understand fully how to exercise leverage of power and pressure, or they have given up, or they work all day and they are tired when they get home and don't have the energies to go out to the school and continue to fight for their rights of quality education.

I think the school system is an example of that, and it relates in terms of the question you may ask later, about vocational education. I try to encourage the schools to have a variety of training opportunities for young people, a variety of opportunities so that when they finish high school, there is some employment skills in them that they don't necessarily have to go to college or go to the University of the District of Columbia, or et cetera. I do see that phenomena happening in our school system.

The CHAIRMAN. Mr. Mayor, I would like to turn to human relations and perhaps a representative from the DHR might want to respond.

DEPARTMENT OF HUMAN RESOURCES PROBLEMS

First of all, what are the serious problems, as you view it, that are presently facing the city's Department of Human Resources?

Mr. BUFORD. Mr. Chairman, perhaps one of the most outstanding problems that we are presently confronted with is trying to identify strategy that we might use to maintain the levels of services that we are presently providing.

A great majority of our population are citizens who are the most vulnerable population in the District. They are our AFDC financial aid type patients, clients, residents, and they also constitute a large segment of our medically needy population, in the sense of our medicaid program.

The inflationary spiral that we are presently caught in has a tremendous impact on the fact that we are unable to afford the continuing rise in the medical care costs in this community.

Also, we are unable to continue to increase our payment levels to our AFDC client. We are presently paying about 72 percent of the 1977 cost of living, which means that the continued escalating cost of living here in the District and particularly in the Nation generally is quickly exceeding our ability to keep up.

Therefore, we are unable to provide the kind of services or unable to provide the kind of cash assistance that will enable this population to continue to survive in a very inflated environment such as the District of Columbia.

We are trying to find ways to squeeze more services out of the resources that are presently available to us. We are trying to find new ways to better manage during an austere period.

In many ways, we probably have managed well during the period of abundance. But by virtue of the fact that resources are presently drying up, we now have to begin to extend ourselves to be more creative, to be more innovative, to begin to better serve this population by virtue of the fact that resources are beginning to dry up. I think this is the major challenge we are confronted with today.

The CHAIRMAN. If we continue in this atmosphere of servitude approach to our fiscal matters, do you perceive increasing deterioration in your capacity to serve, and, if so, what are the real ramifications? For example, you mention that inflation is not allowing you to continue to provide the kind of quality medical care that is needed by the people you serve. Does that mean that down the road it is going to cost more money to the city, or the Nation, by virtue of not addressing these health problems on this end, and you have to address them somewhere down the road in even more devastating terms?

Mr. BUFORD. I think the prognosis is that there will continue to be an erosion of resources that are available to us. I think that we can predict an unpleasant situation that begins to develop as it relates to health care. We will have to begin to look at ways to reduce the services that are provided. We will have to begin to look for ways to reduce the number of people that we are presently serving. So, on the one hand, it has an impact, a tremendous impact, on the population that we serve. But, on the other hand, it also has a tremendous impact on the provider community.

In terms of the medicaid population, which is the majority of the residents that we serve, for every dollar we spend, we receive a Federal dollar. If, for example, we reduce our expenditure by $10 million, then we lose $10 million; therefore, we lose $20 million in the health delivery system in the District, which has a tremendous impact on the scarcity of services that are provided.

I think, on the other hand, by not being able to continue to keep up with inflation, by increasing our payments to our welfare recipients, then we put them in a situation where they are unable to provide for the very basics, housing, clothing, food, and I think the social peace that we are looking for will continue to escape us, and I think that at that point the low income will be advocates for themselves, and I think that it holds a promise we are not looking for; it holds the promise that the mayor mentioned in the early remarks regarding the early 1960's, and the middle 1960's.

FEDERAL MINIMUM PAYMENT

The CHAIRMAN. How would your efforts to assist the needy be affected if there were a guaranteed Federal minimum payment?

Mr. BUFORD. If there was a Federal minimum payment, then it would essentially reduce our welfare rolls to the extent that those individuals who are presently eligible because they are unemployed, but yet are capable of working, assuming that is the nature of the program, that segment of our population would then be eliminated from our rolls by virtue of the fact that they will have become employed to the point that they would no longer be eligible.

I think if you look at the mix of our population wherein excess of 60 percent of our rolls are children, and a larger percentage of single family parents, women, it would have an impact, but not a dramatic impact.

DRUG ABUSE

The CHAIRMAN. You hear a great deal of talk of increasing drug abuse and deaths that relate to it. First of all, are these factors on the rise in the city of Washington, D.C., and what is being done to deal with the development, and in your estimation are your efforts successful?

Mr. **Buford**. Well, indications are that there is an increase in the use of drugs in the District. Our program is——

The **Chairman**. What about deaths related to drugs? Is that on the increase?

Mr. **Buford**. It is my understanding that there has been a recent increase in deaths associated with the use of drugs.

Our programs are centrally treatment oriented, as opposed to prevention. We do have a prevention component which is essentially an educational component. We have a network of drug treatment centers throughout the city which are centrally community based, which intervene only after the problem has manifested itself.

I think we are having success. I do not have statistics to report to you to indicate the degree of success.

In terms of the increase in drugs on the street, I am not too sure that our program can do much about that increase, but only to try to deal with that population that becomes affected afterward. But I think our network of centers are maximizing our resources in dealing with the problem as it presently exists.

Mayor **Barry**. Mr. Chairman, I would like to ask the chief to comment from the law enforcement viewpoint. From my own perspective I have been around Washington for a long time. When I was at Pride, I worked with a lot of people who were addicts and exaddicts, and I learned a lot about how that situation works, but I think we are fast approaching a situation we had around 1972, when we really had almost a drug epidemic.

The chief will comment on it, but the quality and purity of the drugs are increasing. I met about 2 months ago with Ron Clark and some others from RAP, and about 20 people who were awfully concerned about this summer and what is happening with what they call the Golden Crescent. This is heroin from Afghanistan and Iran and Pakistan, and I think we are reaching some serious epidemic proportions with drugs. From where I sit, and what I look at here—now the chief can comment from a law enforcement point of view what we are doing to try to work on that problem—but it is worse in 1980 in terms of the amount of drugs on the street, and the quality, and the number of people, in my view, who are using drugs, and I think the question you asked Mr. Buford, the end result is that it is my understanding that we measure some of that by overdose deaths which have increased this year, and also the level of people who come into our methadone maintenance and treatment program. You can see it up and down, and I guess if you graph it out, a lot of drugs are on the streets, and I guess you see a lot of people coming in because they can't buy it every day, and they come in to get methadone to tide them over until they can get back out there.

Mr. **McKinney**. Mr. Chairman, I would like to add to that. It is absolutely true in my cities that drugs are a problem. One of the terrible problems I find with the methadone treatment centers is that heroin is so easy to get now that people are not going to the methadone centers treatment. You can take a city such as Bridgeport, which is a poor city, or Stamford, which is a rich city, and our drug related death rate has doubled in the last 6 months. It is a terrible problem.

DRUG LAW ENFORCEMENT

Chief **Jefferson**. Mr. Chairman, I would like to support the mayor in his assessment of the program here in the city as evidenced by two recent cases that our drug task force was able to make. The first one involved an international ring that in an 18-month period before the ring was broken, there was evidence that indicated that $30 million worth of drugs were imported into this city alone.

The second case involved three Iranians that were involved in the importation to this city of the drugs from the Golden Triangle, so to speak, and upon their arrest, they were found to be in possession of drugs that the street value was estimated between $30 million and $35 million, and the testing of those drugs indicated that there was a 97 percent purity to those drugs.

The other problem that we have is that community attitudes and community standards cause certain problems because there have been efforts made on the part of certain individuals to get the laws involving the use of marihuana changed. I mean the community feels that the use of marihuana is such that the criminal standards that we now have should not be imposed insofar as enforcement and penalties are concerned, but studies and statistics show that 85 to 90 percent of the people who start off using marihuana later eventually revert to the use of a needle.

In our efforts to combat the drug we cooperate with the Drug Enforcement Administration by supplying manpower to their task force. In addition to our headquarters unit we also have in each one of our police districts a narcotic unit for enforcement, and, in addition, we do have men who are assigned, supported by Federal grants, to enforce the laws on forged prescriptions. We work on that also because we know that is one of the problems, also; that is, the forging of prescriptions and making available to persons prescriptions that should not be authorized by pharmacists. So it is a major problem here in the city.

Mayor **Barry**. Mr. Chairman, may I also add that I have not yet been able to put it together fully, but there has been some discussion among some of the county executives in Maryland and Virginia and myself as to how we can better tighten up our network at a number of different levels as it relates to drug enforcement, including prescriptions and other kinds of enforcement mechanisms that don't exist now between these areas.

We have had a number of neighborhood campaigns—I guess 14th Street is the most famous—but the police department has had a number of campaigns, Martin Luther King, Talbert, out in far northeast, where at best they try to at least push it on and disperse people and make some arrests and at least let people know they can't walk around and just do whatever they want to do, but it is difficult.

What we really need, Mr. Chairman, is some national policy, some national move to stop and slow down the importation of drugs in this country. As talented as we are, it seems to me we should be able to find some way to slow down all these drugs. We don't grow them at 14th and T; we don't grow heroin there. So that is the problem; it is coming in.

And Washington, from what I can gather, has been targeted more than ever before. I think it used to be New York and other east coast cities, but now Washington and Atlanta have been targeted as direct importation where it comes in here. As the chief said, $30 million of drugs is a lot of drugs to have ready to be put out here, and that is a lot of needles and a lot of doses if you look at it, and a lot of money involved in this, too.

FEDERAL EFFORTS RE DRUG ABUSE

The **CHAIRMAN**. Let me ask you, Mr. Mayor, and then I have one final question for Mr. Buford, what is the level of Federal effort in dealing with the problems of drug abuse in the city?

Mayor **BARRY**. The chief can speak to it from the law enforcement point.

Chief **JEFFERSON**. We have a joint task force with the Drug Enforcement Administration, where I have supplied *x* number of police officers to serve on the enforcement team, and it covers the metropolitan area of Washington, Maryland, and Virginia. In addition, we have a Federal grant supplied for the enforcement of the violation of the prescription law plus our own individual efforts from our headquarters' narcotic units and individual units in our seven police districts.

The **CHAIRMAN**. Thank you.

Are there any other agencies that use Federal resources in dealing with—I assume, Mr. Buford, you have some programs in the Department of Human Resources that are federally funded, or do you?

Mr. **BUFORD**. Right. We have programs from the National Institute on Drug Abuse that provide us primarily planning money. We do have some operational money which we match with appropriated dollars. Our total budget for addressing alcoholism and drug treatment programs is about $9 million.

Mayor **BARRY**. It is not enough, Mr. Chairman. I think we certainly need more. And I just think that since this is becoming more of a national problem than ever before, there should be a look at the national level of additional dollars as well as the enforcement part of this, too, to try to help bring this in control, because we know that drug use in my view destroys the future and the minds of too many young people that are being lost.

Let me also add, I think there is about 65 percent now; a little more of all the people who are arrested who take urine tests in our court system indicate some drug use. I think that is about the figure, which means that is serious.

HOMICIDE RATE INCREASE

Chief **JEFFERSON**. One other observation I would like to make, Mr. Chairman, is also that the drug usage here has added to an increase in our homicide rate here, because there is a drug war that exists here in the city as to who is going to control the importation and distribution in the drugs, so it has added significantly to our homicide rate in the city.

The **Chairman**. Thank you very much.

I would appreciate it, Chief, if you would supply the committee with the data on that. We would appreciate it.

Chief **Jefferson**. Yes, sir.

[The information requested follows:]

GOVERNMENT OF THE DISTRICT OF COLUMBIA,
METROPOLITAN POLICE DEPARTMENT,
Washington, D.C.

Hon. RONALD V. DELLUMS,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN DELLUMS: Attached as per your request of July 23, 1980, is a report from Captain Charles E. Samarra, Commanding Officer of the Homicide Branch, regarding narcotic activity as it pertains to death in the District of Columbia.

Sincerely,

BURTELL M. JEFFERSON,
Chief of Police.

Attachment.

METROPOLITAN POLICE DEPARTMENT,
CRIMINAL INVESTIGATIONS DIVISION,
July 24, 1980.

Memorandum to: Chief of Police.
Thru: Field Operations Officer, Field Operations Bureau.
Thru: Commanding Officer, Criminal Investigations Division.
Subject: Narcotic drugs as they pertain to deaths within the District of Columbia.

There is an alarming increase of deaths within this City which are directly related to or influenced by the use and traffic of "Hard Type" narcotics.

The proportion of this problem can best be demonstrated by examination of statistical data pertaining to; (I) Narcotic Overdose Deaths, (II) Homicide Deaths with Narcotic trafficking being the primary motive, (III) Purity Rate of available narcotics (Heroin).

I. Narcotic Overdose Deaths: 1979 (12 months) 41, 1980 (6 months) 39. Projected increase in narcotics overdose deaths, 190 percent.

II. Homicide Deaths with Narcotic Trafficking Being the Primary Motive: 1979 (12 months) 18, 1980 (6 months) 14. Projected Increase, 156 percent.

III. Purity Rate of Available Narcotics (Heroin): 1979 (June) 2.8 percent, 1980 (July) 3.3 percent. Increase in Purity 0.5 percent.

These figures reflect the average purity of Heroin available to the addict.

To further emphasize the narcotics problem as it relates to Homicides, it should be noted that of the current 20 open cases for 1980, six (6) or 30 percent are believed to be execution type killings which were the direct result of conflicts arising from the trafficking and sale of narcotic drugs.

While I do not believe that there is any type of "drug war" going on, I do believe that the very nature of the "drug community" lends itself to an increase of violence as the quantity of drugs and traffickers increase.

With such increases, territorial disputes are inevitable and so are resultant homicides, overdose deaths and higher purity rate.

CHARLES E. SAMARRA,
Captain, Commander, Homicide Branch.

WELFARE SYNDROME

The **Chairman**. Mr. Buford, as you know, there has been a great deal of discussion over the years with respect to breaking people out of the cycle of poverty or more specifically breaking people out of the syndrome of welfare, and in order to do that there needs to be the expenditure of resources for preventive programs, support services programs, training, et cetera.

In this fiscally conservative time are these programs going out the window first? If so, is one to conclude that it is becoming

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increasingly difficult to break people out of the syndrome of welfare?

Mr. BUFORD. Mr. Chairman, in many ways our hands are tied. Until the economic health of the Nation in general, and the economic health of the District in particular, improves, and the high rate of unemployment is leveled off, then people really have no option but to exercise the option of welfare.

Now, once our welfare rolls reach a level where we can continue to provide the services with the resources that are available, then it is our job to try to, one, break the cycle; two, to try to raise the level of self-sufficiency that will enable the person to move toward independence.

The total range of services that we provide are minimized during this austere period. Our work-considered program continues to be operative, vocational rehabilitation programs are operative; we are able to do vocational counseling, education counseling, and we are able to make referrals.

In many instances, however, these activities, while they are operational, do not necessarily lead to a job, and until they lead to a job we cannot break the welfare syndrome or the welfare cycle.

And I think that during these austere periods, the success rate is going to be very low. I don't think we can count on being tremendously successful, given the periods as they presently exist.

The CHAIRMAN. Just one thought occurred to me. You mentioned earlier in response to one of my questions, if we continue down the present course that low-income people will become advocates for themselves, to use your phrase, how do you see that advocacy manifesting itself?

Mr. BUFORD. Through violence, through militancy, through aggressive action, behavior, taking on the system. We have had enough, we deserve a little piece of the action; we do not have any purchasing power; we cannot survive.

So I think it becomes a matter of survival, and when people are placed in a position where it is a matter of survival, then I think their behavior tends to be pretty predictable in terms of what they will do in manifesting their aggressions to survive.

The CHAIRMAN. Thank you, Mr. Buford.

Mr. Ford, I have a few questions with respect to employment.

EMPLOYMENT AND TRAINING PROGRAMS

First of all, in a rather general way, how would you assess the strength and the viability of the city's present employment and training programs? And I would appreciate it if you could comment on that generally not only from the standpoint of adult employment programs but youth employment programs as well.

Mr. FORD. I would consider the strengths and the viability of the city's present programs; I would say it is probably as good as, as bad as, those that are run anywhere in the country. I would say that our strengths are centered around the delivery system, for delivering those employment and training activities.

We have here in the District a combination of 125 private, public, nonprofit organizations, public schools, private schools, the District governmental agencies, all who participate in the delivery of these employment and training activities.

This is where I see the strength of the program. In doing this, we have involved a multitude of individuals in the District, involved them in those training activities. This I feel is a necessity.

I have served in the same capacity in another State much larger than the District, where these kinds of activities were conducted by, in most instances, the employment service agencies or by the public schools exclusively, and I have felt that these organizations or that particular organization had a great deal of problems in the implementation of those programs at the neighborhood level.

We have bypassed that in the District. It causes a great deal of problems at times, that mandate that we have a better monitoring system. There is a mandate that we must manage effectively, and we must monitor those activities of the neighborhood organizations and our own organization effectively in order to do it.

SUMMER JOBS

That is the strength of the program in the District in regards to adult programs, as well as youth programs. In the youth area, as the mayor has stated earlier, we have concentrated very heavily in that area. You have heard many comments, I am sure, over the past week about our inability to pay youngsters. However, I wish that the press had taken the positive trend on that and talked about the 14,000 or 15,000 youngsters that we did pay on time.

We have a summer program that involves the distribution and the infusion of about $13.3 million in a 10-week period into the Washington, D.C., area, involving anywhere from 20,000 to 21,000 young people between the ages of 14 and 21. These people were registered, jobs were found for them; they were matched to these jobs. And on June 30 of this year, over 14,000 of those youngsters reported to work, some for the first time, and we have attempted to do something that was very, very difficult. We attempted to pay them after only 9 days of employment for those first 3 days of employment, so that they would have money to go to and from work, and we had a little difficulty with about 500 to 600 youngsters, but we successfully paid all but about 125 of them.

I think there was a positive aspect of that that you were not able, or the public was not able, to see in the press. All in all, I think our youth efforts are as good as anyone's anywhere. We have statistics to prove that the lasting effects of our employment for our youth, those goals that we have set in the beginning, are met throughout. Our programs, compared with the regional averages, are better in many instances than the national average in regard to job placement rate, in regard to average employment wage that our youngsters end up with, and in regard to retention, staying on that particular job.

We have problems with our programs, but we are becoming better managers.

The CHAIRMAN. Let me ask this: You know, when you look at national data, it indicates that with respect to youth employment programs that the overwhelming percentage of resources tend to go to in-school youth, and very few resources to the out-of-school youth, the school dropout, in particular; very few resources to those persons who have graduated from high school. With respect to Washington's program, is that similar, that most of the resources tend to serve the in-school youth so those persons out of school and out of work tend not to be the people who get the service, although they are the people who need the service desperately?

YOUTH PROGRAMS

Mr. **Ford**. The Federal moneys that we receive are geared toward predominantly the in-school youth, when we talk about youth programs.

However, the Mayor's initiative for 1981 has been to provide an additional $5 million for youth programs for our youngsters in the District. Of that $5 million, only $764,000 is being used for youths in school. The rest is for out-of-school youths; that is, 16 years and older, and out of school.

We also have as part of the Mayor's initiatives, jobs for adults with children, dealing with young people from 21 years of age and above, which also hits some of that out-of-school youth population.

Mayor **Barry**. Mr. Chairman, I think when we look at the overall amount of money being spent in the CETA program, sometimes people tend to overlook the fact that in title VI and title II——

Mr. **Ford**. And title IV.

Mayor **Barry** [continuing]. Those are exclusively programs for people out of school. I think we are spending about $60 million.

Mr. **Ford**. Close to $38 million in those titles.

Mayor **Barry**. Those are out-of-school people. I think the controversy arises, Mr. Chairman, and members of the committee, around a philosophical question that has been around since I have been in youth programs, and that is if you are going to spend money, do you make it appear that if you quit school, you can get more opportunities than staying in school. That is, if you drop out at 16 or 17, and there are 10 or 15 training programs you can get into and you can get $3.10 minimum wage stipend as you train, is that more productive for the attitude of a young person than trying to say if you stay in school here is the opportunity. That debate has been going on since I was in Pride, whether or not you award people who drop out by making training available, or do you try to put money on those in schools and make it enticing to stay there, and that is a debate I am sure Bill and others have heard. I have heard it for the last 15 years, and there is no conclusion I have heard one way or another about it.

I get the impression that the national policy would tend to come down on the side of trying to put moneys to keep people in school.

The **Chairman**. Thank you very much, Mr. Mayor. I have a number of other questions in this area, but I will suspend for a few moments and go to my distinguished colleague from Connecticut.

Mayor **Barry**. Mr. Chairman, I would like to ask, is it possible that in the next 10 or 15 minutes that I leave, and my colleagues and people here who have a lot more expertise in some specific areas than I do stay and dialog with you, if that is OK?

The **Chairman**. Yes, we certainly understand that. We appreciate the time that you have been able to spend with us.

Mr. **McKinney**. I will be very brief, anyway, Mr. Chairman. I have to testify in front of the Ways and Means Committee at a given moment.

I really am not going to ask many questions, Mr. Mayor. I think you are well aware of the fact that I share many of your concerns. I have just a couple of statements I would like to really get into the record.

I don't see, Mr. Chairman, how a city that has to carry a poverty load of an area can exist without the other jurisdictions in some way or other, be they Maryland or be they Virginia, contributing to help carry that load. It is disproportionate, and there is no cross-taxation system. As you know, I gave up my reciprocal nonresident income tax idea this year for a few things called pension reform and Metro and bringing peace and balm across troubled waters, but I will be back there next year, God willing, because it can happen.

The next problem is what does it cost to keep someone in Lorton a year?

Mayor **Barry**. About an average of $22,000.

VOCATIONAL TRAINING

Mr. **McKinney**. This is one of the things that I think, Mr. Chairman, that this committee ought to look at. When I was first elected to Congress, I tried to get the city of Bridgeport to take over the abandoned Bridgeport Brass Co. We don't seem to have enough computer operators, television repairmen, carpenters, plumbers, or electricians in this country. Ask your wife, and she will tell you. We estimate a shortage of a quarter million automobile mechanics in the United States, and to train someone in a meaningful trade so they know that the reward is a job, would cost us about $7,000 to $8,000 a year. However, instead of training convicts in a meaningful job, we allow the school system to become boring and meaningless. Before you know it, the kids drop out of school. Left with much time on their hands and little money in their pockets, crime can be tempting.

I can stand at Central High in Bridgeport and stare out the window and I see a bunch of kids listening to civics staring out at their friends who left and are leaning against the post. When it only costs $7,000 or $8,000 to educate someone in a trade, we teach them Shakespeare and civics, and practicalities, and when they get frustrated and angry and break the liquor store window and steal a bottle, we put them in Lorton for $22,000 apiece, which would send two kids to Yale University. I don't know how we solve that one, either.

HOUSING

The other thing, Mr. Mayor, I was going to get into was housing, but being on the Housing Committee and having about 3½ pages of questions, I will figure out a different way to get some of my ideas through. I appreciate the time and apologize for my being tardy.

Mayor **Barry**. Mr. McKinney, I would like to suggest that you and Bob Moore and his staff have a good session. We have done it a couple times with several people on the Hill here, and we certainly would like very much, outside of this forum, probably, to sit and go through ideas and concerns about it.

Back to the prison question, there are different opinions, and I have my debates from time to time with my chief. Most police chiefs around the country, and our police chief is more progressive than most, I just tell you that, and I have been around enough of them, the police department attitude generally is, let's lock everybody up who is committing a crime and keep them locked up, and they are not out to do anything else.

That is a traditional way of looking at it—lock everybody up who is guilty and keep them in jail, and therefore you don't have to worry about locking them up again when they do something else. I have tried to strike some middle ground.

We are going to, for instance, close the old District of Columbia jail annex, with about 500 people there, and I have a theory as long as you have jail cells, whether it is 5,000 or 10,000, the courts will find a way to fill them up.

And we have people, for instance, in the District of Columbia jail who have committed what I call nonviolent crimes, misdemeanors, petty larcency, a few traffic people over there, maybe 7 or 10. I don't believe those kinds of people should be locked up in the District of Columbia jail. I think they should be doing other kinds of things, community services, or out doing things that are going to rehabilitate whatever they did they should not have done.

That is a tough area, because the public, generally speaking, is demanding longer jail terms, more stringent conditions, locking people up longer, quick justice; so you have that balance where people are saying they want more people locked up, not less, against the whole question of rehabilitation and the question of starting early to keep people from going that route, which is very, very difficult to identify.

Mr. McKinney. I couldn't agree with you more on community service. We found, particularly with teenagers, it is tremendously successful. You can't be a hero in the neighborhood sweeping the streets because someone knows you better sweep them and clean them up or you are going to go to a can. Somehow you are not the local youth hero if you are sweeping the streets. It does seem to work.

YOUTH PAY DIFFERENTIAL

One last brief question: Do you think the youth differential in the minimum wage would help the city as far as youth employment is concerned, or do you think it would hurt? It is a big argument we have had in Congress for years, and I don't know the answer, myself.

Mayor Barry. I don't, either. I have mixed thoughts about it, Mr. Chairman. There are some people who say if you have a youth differential, the employers will not hire adults and hire youths to do jobs that adults would do because it is cheaper to do, and I think that is a valid concern.

Mr. McKinney. What about a seasonal youth differential that would only operate, say, from June through September?

Mayor Barry. That might be an approach. Again, you get a problem; people say if a young peron's father is not working, why don't we put emphasis on the father working more than or certainly as much as putting emphasis on the youth working. I think that is a valid kind of concern. Get the father working, then maybe the father would be more influential with the youth in terms of image and in terms of the environment that will make the young person more involved with the family and more positive in his or her direction, and therefore keep them out of Lorton and the Distict of Columbia jail.

I get these mixed kind of philosophies. My own view I have said over and over again, we should find a way in this country—and it is tough to put everybody to work. You don't have to argue about a youth differential. Put everybody to work with a job and income. I think that is the direction that has been lost. We talked a lot about that, as you know, Mr. McKinney, in the sixties, job income, but even progressives don't talk a lot about it now. They just sort of back off that.

Mr. McKINNEY. Mr. Ford, would you like to comment on that?

Mr. FORD. I have the same feeling as the Mayor about it. You can't win. Either way it goes, you have a problem. We have many calls from individuals saying, well, gee, if the kids won't come in and take jobs, why don't you have the parents come in and take the ceiling off? There are a lot of parents out here who would like to work for the minimum wage of $3.10 an hour. But we are dealing with a summer youth program; we are dealing with a minimum wage situation; and we paid all of our youngsters minimum wage, and it is the type of situation that it is a no-win kind of thing.

There are youngsters who need employment, but, however, if we had the choice, if the father was unemployed or the parent who was the head of the household was unemployed, I would certainly think that the unemployed household head should be employed rather than the youngster.

Chief JEFFERSON. May I comment on that, also? I have found in my contacts with certain youths that they have repeatedly said that the level of wages that they receive under the Youth Employment Act is so little that it is more profitable for them to engage in illegal activities, and that is the reason why quite a few of our youth between the ages of 16 and 21 are not being embraced by the program.

The CHAIRMAN. Mr. Barnes?

Mr. BARNES. Thank you, Mr. Chairman. I am like Mr. McKinney and the Mayor. I am supposed to be in another meeting. I left there to come here, and I have to go back to it. I came over because I wanted, Mr. Mayor, to publicly commend you on your historic speech earlier this week and the tones and sense of determination that you set to begin the fight to solve the city's financial problems.

As one who represents a jurisdiction in the region, I have long felt, as you know, that the city is the heart of the region, and so long as the heart is not healthy, the rest of the body is going to have real problems, and I was very pleased by the tone of your speech and in general terms the outline that you set for solving the city's problems.

Obviously, there will be differences. I am sure there were differences within your administration as to what specific approach should be taken and there will be differences in Congress as to what answers are appropriate and reasonable. But I wanted to just take a moment to say to you that I know there are a number of us here who want to work with you actively to see to it that the direction that you set and the determination that you displayed is successful.

I think, as a representative of a jurisdiction right here in the area, it is crucial to my constituents that we work closely with you, to see that those problems be involved for all our benefit. I am wondering if I might ask what kind of reaction are you getting as a result of the speech from some of our colleagues on the Hill and from others who will have to be involved in the process of making some of the suggestions that you outlined possible?

Mayor **Barry**. First of all, Congressman Barnes, certainly on behalf of all the citizens of the District, I appreciate your comments. I think the reaction is still settling in. Any time you lay out numbers of the magnitude that we have had to lay out—and I said earlier before you came, those numbers are not going to change, whether people want to change them or not, in terms of the accountants' numbers and the analysis of what we need.

I think in terms of the city, I think people are relieved to at least know the magnitude and extent of what we are going to do, and I get the impression from people who I talk to, or who call me, or who I see, they are glad to know we have some plans for 1981, 1982, and 1983 that are so predictable, and they can look forward to it.

I think the Hill reaction so far among people who are our friends is from cautious to optimistic. There are those who, in my view, will use any reason or any excuse not to support, but, as I said, I get the impression from my friends that it is cautious or optimistic, and most of the people who are cautious want to wait to see what the details are and what is happening with it.

FEDERAL FINANCING BANK

One interesting thing, Congressman, is that the Federal Financing Bank has now become a very visible entity over at the Treasury. I am not so sure they like that. Before we made this announcement, I had talked to Mr. Cook, who runs the Bank, and he said, "I guess we will be on the front page," and I said, "Yes, you will."

But we also discovered some interesting things. That same Bank has about $177 million of Metro bonds, and people don't know that. So we think it is going to take 4, 5, 6, 7 months for people to debate, to have dialog, to look at, examine this question, and I am optimistic from the final analysis, particularly the refinancing part of this plan, it is the least painful for the Federal Government to take on.

I think the most painful is the pensions. Chairman Dellums, before, I think, your election, we have been working on this 5 or 6 years, that is going to be the toughest part of it for the Government to buy into, so again I don't expect instant reaction or acceptance. Just to put it out there, people can discuss it and debate it and also to say if someone has a better idea, like Ford, bring it forward—that will solve the problem, not an idea that will prolong the problem, but will solve the problem, and that is much cash needs, and, finally, I get the impression from members of the government—you see Washington is unique. We have a number of government employees, over 30,000, which really is larger than some towns, and some cities, so I have two things to manage: one is the employees, themselves, who make up a sizable number as though it were a town, and then to manage the city service delivery, itself, and we are doing that, I think, better than before.

DISTRICT'S CASH NEEDS

So I guess, in summary, there is mixed reaction here on the Hill. But at least I am glad to hear even those who differ on the numbers acknowledge some Federal responsibility. I think everybody now is beginning to say that, Senator Leahy, even though I think he is mistaken about the numbers, they are there. GAO will agree. We have a letter saying they agree with our numbers, and there is Federal responsibility, so at least we get the concept out that there is Federal responsibility, and you can debate and negotiate what should be the level of responsibility, which I think is a new era here in that regard.

Mr. **Rogers**. Mr. Chairman, I would like to take a moment to put a letter in the record because apparently this morning in the paper there was some question about the $115 million cash need vis-a-vis the $90 million figure. It is a letter dated July 11 to the Honorable Julian C. Dixon, chairman of the Subcommittee on the District of Columbia, Committee on Appropriations, House of Representatives:

[The letter referred to follows:]

U.S. General Accounting Office,
Washington, D.C., July 11, 1980.

Hon. Julian C. Dixon,
Chairman, Subcommittee on the District of Columbia, Committee on Appropriations, House of Representatives.

Dear Mr. Chairman: We recently provided you a report on our observations on the reported deficit in District of Columbia government operations (GGD-80-85, dated June 23, 1980). In the report we discussed three specific items and pointed out that the District would not have to deal with the reported $284.4 million deficit from a short-term cash needs point of view, but rather with a lesser amount, in the magnitude of $90 million. However, one newspaper article was written in a manner that implied that the General Accounting Office considered the accounting treatment afforded these three items to be improper. We are writing to assure you that such is not the case. The treatment afforded the three items was proper from an accrual accounting standpoint. The items do not, however, represent an immediate need for cash.

We hope that this letter clarifies any confusion that may have resulted from the incorrect implication that this Office was in disagreement with the presentation or accounting treatment of the three items specifically discussed in our report.

If we can be of further assistance in this matter, please let us know.

Sincerely yours,

William J. Anderson,
Director.

Mayor **Barry**. As of September 30, the GAO took the position that the District needed $90 million. They did not address the $125 million projected potential deficit in 1980. When you combine those two figures, you arrive at $215 million cash need which is what the Mayor indicated Monday night.

Mayor **Barry** [continuing]. Also, Congressman Barnes, we do intend to meet with the Metro caucus, which you are a member of, and Herb Harris, and Joe Fisher, and others, to talk about strategy and tactics, to see, in addition to your seat on this committee, how you can be helpful in a number of other areas. That goes beyond just the budget situation, because, as you said, we have to figure out how these jurisdictions support and help each other, and I know of your commitment to the city. You were born here, even though you are now in Montgomery County. At least you have a vote, so I understand that.

Mr. **Barnes**. I will just say, I won't ask any questions at this time, since the Mayor and I have a meeting scheduled within the next few days and will have a chance to talk about some details.

The category you said ranges from cautious to optimistic. I guess I fall into the category of cautious. I think we have a real job ahead of us to be able to implement any substantial portion of the program you outline in terms of the Federal contribution to resolving the city's and the region's problem, and I regard it as a regional problem. I am ready to roll up my sleeves and go to work with you, and I again salute you for what I thought was an excellent speech, set in the right tone and direction. Let's get to work.

Mayor **Barry**. Thank you very much.

The **Chairman**. Mr. Mayor, I know that you have a very busy schedule, and if you want to withdraw at this point, we certainly would like to, on behalf of myself and members of the committee, thank you very much for coming before the committee. I think your contribution to these proceedings has been enormous.

Mayor **Barry**. Let me thank you, Mr. Chairman, and also let me say again, in closing, about the immediate situation, I don't think we have many options in the long run except for this problem to be solved. I think it would be a tragic situation for the Nation's Capital, because of our inability to deal with this problem, that wasn't created by any of us in this room, by itself; it was an institutional problem, to go bankrupt. I think that would be—can you imagine here we are in the free world; the Nation's Capital can't meet its bills, can't pay its people, and it is bankrupt? I can't even see that. But that is where I am at this point.

The **Chairman**. I would like to thank you very much, Mr. Mayor, and hopefully the contribution of these proceedings will be to try to make the point that it is not only Washington, D.C., but every urban center in the United States are experiencing the very same thing. It may manifest itself in specific and unique ways in the District of Columbia, but the generic problem is there, from the few days of testimony that we have received.

Mayor **Barry**. Thank you, Mr. Chairman.

HOUSING

The **Chairman**. Mr. Moore, I would like to ask a couple questions with respect to housing. As Mr. McKinney indicates, it was a long list, but I would like to go to just a couple.

In the previous days of hearings, a number of people have stated that because of the rising cost of housing—the Mayor indicated the average home in Washington, D.C., now costs $90,000 so that the cost of purchasing a home has gone up immensely, and in many major centers in the United States, the issue of abandonment is becoming an extraordinary question that people who can't afford the homes or the buildings or the property simply walk away from them.

Second, that the issue of affordable rental housing is beginning to diminish in urban centers. My question is, No. 1, with respect to the District of Columbia, are we experiencing abandonments in the District of Columbia? No. 2, are we experiencing increasing difficulty in securing affordable housing for people, particularly those persons earning, say, $20,000 and below?

Mr. MOORE. Thank you very much, Mr. Chairman.

First, let me comment on the question of abandonment, and let me redefine that. In some cities we are seeing increasing numbers of owners walking away from units and leaving them up for tax sales or for anybody else to grab. That is not the case in the District. We have a substantial number of units being shut down, not any longer in the marketplace, but these owners are not walking away from those properties; they are paying the taxes. We have had very few, less than 10 units in the last 3 years in the District that have gone for tax sales, and those that have gone, have gone because the city had liens against the property and forced the sale.

So they may be walking away from them and shutting them down, but they are keeping them for speculative reasons, particularly in view of the increasing value of any house, whether it is occupied or boarded up.

So that phenomena, where in some cities there are houses that can be purchased for a thousand dollars, is not the case in the District. In fact, our average acquisition of a boarded-up house in the District runs around $25,000 just to acquire it.

On the other question——

CONFISCATORY TAXATION OF BOARDED-OVER BUILDINGS

Mr. MCKINNEY. Could I interrupt for a moment? I wrote a letter to the City Council about 4 years ago—and I wondered if you thought about this—and suggested that the City Council pass what I call confiscatory taxation on boarded-over buildings and empty lots. In other words, not only are they a cause of great woe to the Chief, I am sure, because they become drug hangouts and garbage dumps but also to the revenue chief because these buildings and lots do not generate revenue or help with the housing crisis. If something isn't done to the building, the lot isn't fenced up, cleaned up, we have an increase in the real property tax by a multiple of 5 or 10 and force the absentee owner to do something with that property.

What would you think of that idea?

Mr. MOORE. I would support that. I think the speculative holding of boarded-up property and also vacant land is becoming an increasingly difficult problem in the District and certainly the District has to look to some type of policy and program through taxation procedures to make it to their disadvantage.

On the other hand, the Federal tax laws encourage the holding on of vacant property because you can still depreciate it, whether it is vacant land or vacant housing, so certainly the local level needs to move forward and there certainly needs to be a change, I think nationally, to bring these housing resources back to the marketplace.

RENTAL HOUSING

The second part of your question, Mr. Chairman, was on the part of rental housing. There is a great difficulty throughout the coun-

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try. About 65 percent of all the rental housing starts in this country are now subsidized rental housing starts which give rise to the fact there is almost no privately financed unsubsidized rental housing being built in the country.

Now, a lot of people lay that at the feet of rent control here in the District, but that phenomena is nationwide, whether cities have rent control or don't, and most of these do not.

In the District we estimate to construct a new rental unit with today's inflation we would have to have rent in excess of $425 a month on that unit, a one-bedroom unit at that price, to make it economically feasible; that is without much profit. So the inflation has driven the cost of rental housing so high that people who would rent are now in the market for homeownership, because they can purchase for a bit more than what they can rent and it is to their tax advantage.

So we are forcing people to buy earlier in their lives; we are forcing people to purchase, which, in effect, creates a demand that drives up the prices, and I think that is more of the impact of the $90,000 average home price in the District, is the short supply and the high demand and inflation taken together have pushed it up to about $90,000 for the average price of a house here in the District.

The CHAIRMAN. I would like to pursue that with you for a moment. If we look at the laws, the laws tend to support homeownership. The laws tend not to support people who rent, people who have rental property, or people who seek to build rental property. Are we squeezing out the renter because there is no support base in our society for the renter, or rental property? What is the dilemma? Are we pushing people toward homeownership as a way of surviving, and if we are, what do we do with the people who can't afford the $90,000-plus homes?

Mr. MOORE. We are, in effect, Mr. Chairman, pushing people to buy. That is where all the tax advantages are. That is where the tax advantages are for the new homeowner and also for the owner in the sense that one can convert an apartment building and pay ordinary income on it as opposed to building new; so it is much more to the advantage of a current owner to convert it to a condominium or cooperative, pay 28 percent ordinary income, than to move forward and try to overcome the great difficulties to finance rental housing.

Now, we have a push, and we are pushing more people out of the homeownership range. As this demand builds up and prices escalate relative to demand, there are a narrow number of people who now can afford the price of new housing at $90,000. There are no programs in place for those people in the middle. At the other end of the spectrum, we have subsidized housing through section 8 and public housing and even that in the Federal budget has been reduced, so that the people in the middle have no resources and people at the far end of the scale who are poor have a diminishing resource, and we are going to have a housing situation where only the rich can afford any kind of housing, and who knows on today's scheme what will happen to those who are less than high income.

The CHAIRMAN. So, on the one hand, with respect to those persons at the lower end of the socioeconomic spectrum, we are cutting back on subsidized programs. For those persons in the middle there are no programs; the cost is driving them out of the private homeownership market, and the laws are not supporting rental units. Where are people going to live in the future of Washington or the future of the urban centers in the country?

Mr. MOORE. That is part of the drain of the moderate middle income out of the District, Mr. Chairman. In the surrounding counties there still are tract homes available in the $60,000 to $80,000 range, and those are diminishing, as we hear. For those people, that is the only resource they have, is the option to move out of the city, out of all cities. All cities, we have learned from the census, are losing population and losing it to the suburban area, so we are losing the people who pay the majority of the taxes. There are no programs at this point in place that we have, and we are going to have a situation where the middle income and the poor are going to be fighting over the same location, and inevitably the poor person will lose. That is happening in some parts of the District at this point where prices are being driven up in the $70,000 to $80,000 range on a house worth $40,000 and certainly the lower income employed person cannot intersect the market to get in the older house, and if we have no intervention at the Federal level, the situation will be exacerbated to a national crisis over the next 5 years, more of a national crisis in proportion than it is now.

SENIOR CITIZENS PLIGHT

The CHAIRMAN. Most senior citizens tend to be on fixed incomes and each month an increasing amount of their monthly income is going toward simply surviving—housing, food. How are senior citizens surviving in Washington, D.C., given the picture that you have just painted?

Mr. MOORE. Senior citizens are having it increasingly difficult on a couple of levels. One is the senior citizen homeowner. As we add more taxation to the current burden, he has less ability to stay where he is in his own home as real estate and sales and other taxes continue. As the Mayor said, 38 percent of the income has to generate all the taxes for the District, so that a senior citizen on fixed income is hard-pressed to survive in a home that may have been paid for for the last 20 years. At the same time, those who are in rental are in worse shape. As rental resources decrease the number of rental units, there are more who are moving into rooming houses, and we are having greater problems in the District of illegal rooming houses existing that we do not supervise because we don't know about them until there is a problem. They are finding more who double up and triple up and who are living in worse circumstances than they were before. The other part of that is I have been seeing in some areas, particularly around Capitol Hill, where there are some senior citizens still living and renting, they are being displaced because that house they have been living in and renting for 40 years now is worth $80,000, as is, and almost a week doesn't pass where I don't see some senior citizen set out on the street in the near environs of Capitol Hill because the owner wants to capitalize on the value of the house and no longer desires to rent to that senior citizen.

We are building senior citizen housing as fast as we can. We have about eight major projects underway, but that will only take care of 10 percent of the people on the current waiting list. It takes about, right now, 6 years for a person to come from the waiting list into a unit at this point—a senior citizen—because of the great numbers there are and our inability to build as much as needed.

FEDERAL PROGRAMS RE HOUSING

The CHAIRMAN. What Federal programs are you presently administering that you perceive to be helpful, or are there any Federal programs at this point that are helpful, given the dynamics we have begun to see in the last few years?

Mr. MOORE. Well, most of the Federal programs we have are helpful, except they are too few, and they are underfunded. The section 8 program we are using, which pays rental assistance payments, is a very helpful program. The public housing program is a very helpful program. However, it takes, with the number of regulations—and I have been battling HUD on this—it takes us from the time we apply about 14 months to get a project in the ground, and it takes us about 14 months to complete it, so we are now talking about over 2 years, getting close to 3 years, from the time you start to work on a project to the time you occupy it, and by that time the costs certainly have escalated, and we are subsidizing rent in excess of $550 a month.

So the programs are there, but the resources are diminishing each year; the bureaucracy of getting through all the maze of Federal regulations have increased substantially, and it is taking us longer, so we wind up with less housing in a longer term and by the time 3 years have passed, you have substantially more people to serve than you had before.

The CHAIRMAN. Just one additional question: Brookings Institute recently completed a study on housing problems in urban centers, and their conclusion was that virtually nothing can be done. You indicated that for the lower middle income there are no housing programs. We started to think about that and said if you are going to help, it might mean the Federal Government would be involved in helping to subsidize incomes as high as $20,000 to $25,000 a year, and you and I know, given this atmosphere, that is not about to happen.

Given your expertise, what do you see as approaches that can resolve these urban housing shortages?

RENTAL HOUSING DISINCENTIVES

Mr. MOORE. First, I think over the past 10 years the Congress has taken out much of the incentives of owning rental property. In fact, it is a disincentive now. The depreciation of rental property has been severely constrained by recent tax amendments, so it is not to anyone's advantage, the owner or investor, to build rental housing.

That has to be put back, and, in fact, made more lucrative, not only to build it but tax advantages of keeping it in the rental housing stock. I think we have to take that direction.

Also, more funds need to be made available to cities to acquire both vacant land and vacant housing. In the District, as I said, we have to pay the same price as anybody else, and when we buy boarded-up houses, it costs us the same as anybody else. Even though we may use eminent domain, the court requires fair market value to be made. With $1 million we think we can acquire 300 houses. Our total budget in terms of grants is $2 million, so we can only acquire around 600 houses a year, single-family.

So we get the money back. It is not a question that money is lost, because we acquire houses, we rehabilitate them and sell them to individuals and the money is returned. And if we had additional substantial funds for the acquisition of this land, it would enable us to move forward much faster.

FEDERAL ROLE IN HOUSING

The other thing is that the program called Jenny Mae, the Jenny Mae tandem program which provides 7½ percent construction finance, has to be increased. It is only $1 billion that was available in fiscal year 1980. That should be more in the area of $10 billion. It was used up in 2 weeks. All the money was purchased out, and many developers who wanted to build more rental housing couldn't get there fast enough to do it. So we need to increase that amount of money.

I guess finally we need to decrease somewhat the Federal bureaucracy and regulations that drive up the cost of housing. I will give a couple examples. We are trying to develop a homeownership development of modest income in Southeast of 150 units, and we have gone all the way through the financing; we have the private financing feasibility, and the Federal Government. HUD stopped us from going to construction because they didn't like the size of the alleys. The District requires the alleys be 12 feet wide. HUD said they wanted the alley 20 feet wide, so we have spent 3 months arguing with HUD, arguing whether the alley should be 20 feet wide—their view—or meet the District zoning law, 12 feet wide—in our view.

They said we have to set the houses back 20 feet from the street on Martin Luther King Avenue. Every house on that avenue is built almost to the street. They said we were violating some noise violations and required us to add another $1,200 to the unit providing more insulation. Most people who live on that street don't suffer from noise pollution.

And so the building requirements on us exceed the building requirement on the private individual which slows up the production time and additionally costs more money, drives up the cost horrendously.

Going to 20-foot-wide alleys will cost another $500,000, adding to the burden of the homeowner. Setting the house back 20 more feet from the street will add another $500,000, which will add to the price of the house, and we keep bidding this price up and finally wind up with our intentions of building a $50,000 235-house, and instead building an $80,000 233-house, and the subsidy that will be required from the Federal Government will decrease the actual number of units we will be able to build.

There needs to be some concurrent reduction in some of these more silly regulations and let local codes and zoning apply in all cases. I think those things may help us to bring back rental housing in this country.

The CHAIRMAN. Thank you very much, Mr. Moore.

RENT CONTROLS

I just have one additional question. Whether one agrees or disagrees with the issue of rent control, it manifests itself around the countrry, because people are concerned about the issue of affordable housing, and you have indicated that is a significant and very real issue.

I happen to believe that concern for rent control around the country is a local manifestation of the need for a national policy in the area of housing, and certainly to address the issue of affordable housing in the urban centers of the United States. I would appreciate it, without trying to pin you down on this controversial issue, if you will give me your thoughts with respect to rent control and the whole issue of affordable housing and available housing in urban centers.

Mr. MOORE. Thank you, Mr. Chairman.

Certainly the District has taken the position, the Mayor has, that rent control is at best a temporary stopgap. It is not a solution, I think all of us know. However, we have a situation where the cost of housing has exceeded the incomes of people. The cost of housing is rising almost twice as fast as the incomes, so each year the gap widens for people to be able to maintain what they have in terms of public policy.

I think it is reasonable for public jurisdictions to therefore begin to regulate that, begin to say there can be some fair return to owners in consideration for the higher climb in the cost of housing to the individual. We see it as a temporary process, and in our proposals for this year we intend to begin to lessen the restrictions on the market, to begin to provide for more opportunities to get owners to get the equity returned, but to strengthen the protection for tenants.

In the short term it is a reaction to the whole economic situation we are now in. Unemployment has increased, salaries have not increased, the cost of housing has escalated, there are no tax benefits to the owner of rental housing or to those who rent.

We have created a situation where it is predictable that the demand from city residents is going to be for control. The question is how you get out of the control, and we are trying to address that question. The first thing you have to do is more housing. I wish I had been a better student of Keynesian economics in college, but the supply-demand factors say that we must increase the supply to slow down this rapid escalation in cost.

Second, is we have to make it more advantageous, as I said, for people to be renters as an option. I think we should have the option of being a renter or owner, and the Government shouldn't decrease that option. Many people still desire to rent, for mobility purposes, for their own peculiar purposes, because they like other people doing the maintenance rather than them doing it, and there is much more to their comfort.

So that we have to come up with a long-term solution to our housing needs in this country, or else you will see more cities regulating more strictly, which will be to our own detriment nationally over a period of 10 to 12 years if we don't have a better and stronger national policy on rental housing and housing in general.

The **Chairman**. Thank you very, very much.

I would like to now turn to chief Jefferson for a few moments.

Chief Jefferson, a few days ago, we had as a witness the chief of police of Atlanta, Ga., and I am sure you know him. He indicated that the workload of the urban police departments in many ways is impacted by the economic conditions, and that is as unemployment increases, as inflation continues to skyrocket, with the cost of living going up, pressure of living in the urban community is increasing and that the workload of the police department will increase because certain kinds of crimes then are on the increase.

ECONOMIC CONDITIONS AFFECTING PROPERTY CRIME RATE

(a), Are you experiencing this in Washington, D.C.—that is, any increase in the crime rate in certain crimes as a result of the economic conditions in Washington, D.C., and, (b) from your vantage point is the Police Department adequately manned to deal with these pressures?

Chief **Jefferson**. Well, to the first part of your question, yes, the city is experiencing an increase in crime.

The **Chairman**. What kinds of crime?

Chief **Jefferson**. The property crimes. The crimes against persons we have been able to get a good handle on. We have been able to show a decrease in our crimes against persons each year, and the crimes against persons are those crimes which most residents have a fear of. They want to be able to feel free to walk the streets without being assaulted, robbed, or what-have-you.

But there has definitely been an increase in our crimes against property, the larcenies, the burglaries, and what-have-you.

We do feel that there is definitely a correlation between the economic conditions of the cities that lead to that increase in the property crimes. We also feel that in most instances police departments have been able to show that you can't really say whether they are adequately manned because more and more police departments are being asked to perform non-police-related services.

Of all the city agencies, the Police Department is the only agency that is open 24 hours a day, 7 days a week, 365 days a year. Some people might disagree, because they say the Fire Department provides that kind of service, but the Fire Department operates only upon a call. Police are put out on the street as a preventive measure, and we find that more and more we have to address problems of other city agencies because they are not open, and in order to cope with that situation here in the District, we have provided in each of, well, at least in six of our seven police districts, neighborhood community relations units, and they are based on an interagency cooperation concept.

We have one on 14th Street that ties in four of our city agencies in the area where we feel the services of those agencies are in most demand in that particular area. And this is the approach we are taking in trying to address that particular problem.

BUDGET CUTS AFFECTING POLICE

The **Chairman**. Some of the testimony that we received indicates that cities are experiencing budget cuts, that with respect to the police department the effect of those budget cuts are to cut back in the areas of training, equipment, and administrative support services. Washington, D.C., is affected by significant budget cuts. Where are those cuts having to come in your department?

Chief **Jefferson**. Fortunately, we have not been in a position where we have had to reduce the level of training. Insofar as our equipment is concerned, we have had to cut back on equipment. In order to hopefully forestall having to fire 204 police officers, I had to look at the funds available in my agency and take moneys from other personal services to try and hopefully avoid having to fire 204 police officers.

That meant we eliminated moneys available for the purchases of automobiles for the next fiscal year, for the purchase of uniforms, purchase of ammunition, travel, moneys for education; and those are the major areas where we have had to see a reduction in our equipment.

DISTRICT OF COLUMBIA POLICE AND COMMUNITY RELATIONS

The **Chairman**. The 'Kerner Report that looked at the 1960's specifically with respect to the issue of police community relations indicated a need for improved community relations, support services and sensitivity training and training in these particular areas.

Mr. Pat Murphy, who is the president of the Police Foundation, and Mr. Knapper, who is the chief of police of Atlanta, both indicated that in the period of fiscal conservative approaches that the very first things that go out the window are the things that the Kerner Report said police departments need in order to enhance the quality of police community relations, that is, sensitivity training, training in the area of race relations, et cetera. Can you comment on that?

Chief **Jefferson**. Yes; I can. First of all, I would like to disagree slightly. Police administrators in the past, even though there were no fiscal problems they were facing, had a tendency to give less priority to police community relations than should have been given. Back in the 1960's, when we were having the problems in the cities, most police departments formed units merely to address those particular problems at the time, and as the cities began to come back to a level where those problems decreased, then the community relations units were either completely eliminated or they were given the lowest of priority.

I am happy to say that when I was appointed Chief of Police, one of my first commitments was to see that community relations enjoyed the high priority that I feel that it should, because having come up during my rise in the Department as a police community relations coordinator and seeing the benefits that accrue from giving that top priority, because I don't feel that any one agency should be left the responsibility of trying to regulate human behavior, and that has been my commitment to police community relations. I have implemented programs here that I feel have had a tremendous impact on the city insofar as the relationship between the police and community. In each one of my police districts, we have a police community relations unit, we have a headquarters community relations unit headed by an official of what I feel is the commensurate rank that is going to give police community relations a priority that it should have.

In addition to those units, I have a citizens' advisory council that is a part of each one of the police districts. I also have a chief's advisory council that is made up of the chairperson of each one of the District advisory councils; there is a representative for the senior citizens, a representative for youth, a representative for Hispanics, and a representative of the gay community, and we meet on a regular basis where we discuss the total picture of the city insofar as what the police in the community can do to continue to foster good police community relations.

We work very closely in conjunction with the programs that are funded by LEAA insofar as community-based crime prevention programs. We have a very good program in operation. As a matter of fact, this was the first city that put the program into operation, the officer friendly program, and we now have extended that program just from the elementary school up into the high schools. We have a number of police officers who work closely with the police boys and girls clubs here. In order to determine whether the detailing of these officers to the boys club was cost-effective, we did a study, and that study indicated to us that in every area where there was a police boys and girls club located within a 20-block radius, there was no juvenile crime. So we feel it is cost-effective.

We have a program that allows the police to become actively involved in the schools. We have police officers assigned to the schools as school board patrol coordinators and what-have-you and work closely with the schools.

We have programs in effect now that deal with crisis intervention. That is an ongoing program that involves every member of the department. We also have a family disturbance intervention program that deals with many problems. We have found that in the past police only had the option in instances of family disturbances to arrest individuals. We feel that was not the answer, so we work in conjunction with a lot of the other agencies so that we have a referral program now, so that if police officers respond on a family disturbance and they find out that the reason for the call is probably one where there is a problem with the husband being involved in alcohol, there is a referral service we can refer him to. We feel that has been very effective.

We have ongoing training in police community relations from an inservice standpoint and from an experienced officer standpoint. We have a unit that deals primarily with all of our major or minor demonstrations. That has ongoing training. There is continuous training for that unit. It is a special operation unit in our special events section, so that we have trained officers so we don't allow ourselves to get back into the posture that we were in in the late 1960's and early 1970's, when we had the major demonstrations here. We have a manual that dictates the way these demonstrations are handled.

So I think we have a very effective program that is ongoing in the city.

The CHAIRMAN. Thank you.

POLICE USE OF DEADLY FORCE

Chief Jefferson, I just have one additional question, and it goes to the issue of the use of deadly force, and I would ask your comments. Do you think there is a need for Federal policy to establish standards for every municipality with respect to the use of deadly force?

As you know, now it is each city council that determines the policy on the use of deadly force, each department. Should that be standardized? Should that be a national policy?

Chief JEFFERSON. Most definitely. I think that is one of the major programs that is facing police administration throughout the Nation, and I don't know whether you are aware of it or not, but there is a program now that is being funded by LEAA that has the participation of the International Association of Chiefs of Police, the International Sheriffs Association, and NOBLE, the National Organization of Black Law Enforcement Executives, of which I am the national treasurer, and we are addressing that problem.

There are two other programs that are being federally funded. I think the Urban League participates in one and the NAACP is participating in another. NOBLE is so concerned with this particular problem that at the upcoming convention of the IACP we have a resolution that addresses that very same thing, the use of deadly force.

We feel that unless police administrators throughout the country become aware of the magnitude of this problem and on their own do something to address the problem, we are going to have a lot of situations like we had in Miami.

We also engage in a joint project with the International Association of Chiefs of Police that addresses the accreditation of police departments nationwide, so I think that is something that definitely should be a national issue, and we should receive Federal funding to support the efforts in the area of research and the programmic area.

The CHAIRMAN. Chief Jefferson, I would like to thank you very much for your response to my questions, and Mr. Buford, Mr. Ford, Mr. Moore, and Chief Jefferson, I would like to thank all of you for your contribution.

What we are attempting to do at this point is to establish a broad overview of Washington, D.C., and urban centers of the Nation, and I would like to make two comments.

FEDERAL ROLES

First, there are a number of questions that we certainly did not have an opportunity to raise with you, and some of them we would like to raise with you in writing; but, more importantly, as we reflect on the overview that we are establishing, what we want to do, as we try to search for solutions and an appropriate role for the Federal Government in Washington, D.C., specifically, and in the urban centers generally, we want to zero in on specific areas and begin to focus indepth. So I would anticipate at some point in the future, as we continue these hearings, that we would have each of you come and spend a morning or a day with us as we begin to deal in very specific terms with these areas at some point down the road.

What we are doing now is simply trying to develop a broad perspective and you have contributed immensely to that. We may very well be submitting a few questions to you in writing, but what I anticipate, more importantly, is that at some future time we will come back together individually with you as we explore more in-depth these problem areas in search of solutions.

On behalf of myself, the members of the committee and staff, I thank you very much for your contribution.

The hearing is adjourned.

[Whereupon, at 12:12 p.m., the committee adjourned, to reconvene subject to the call of the Chair.]

PROBLEMS IN URBAN CENTERS—WASHINGTON, D.C., AND THE FEDERAL GOVERNMENT ROLE

THURSDAY, JULY 24, 1980

House of Representatives,
Committee on the District of Columbia,
Washington, D.C.

The committee met, pursuant to adjournment, at 9:50 a.m., in room 1310, Longworth House Office Building, Hon. Ronald V. Dellums (chairman of the committee) presiding.

Members present: Representatives Dellums and Fenwick.

Also present: Elizabeth D. Lunsford, general counsel; Donn G. Davis, Dietra L. Gerald, and Robert B. Brauer, staff assistants; James T. Clark, legislative counsel; Harry M. Singleton, minority chief counsel; and Hugh Van A. Starkey, minority research analyst.

The Chairman. The House Committee on the District of Columbia will be in order for the continuation of hearings on the conditions of urban centers, including Washington, D.C., and the Federal Government's role in solving these problems. Before introducing our first witness this morning, the Chair would like to indicate that we are planning to conduct two additional days of hearings on July 30 and 31, and at that time we expect to hear from more local people and to conclude the general overview we have been developing with the testimony from several witnesses whose efforts to solve urban problems are concentrated at the national level.

Our first witness this morning is Hon. Charlene Drew Jarvis, a member of the District of Columbia City Council, representing the city's fourth ward.

Ms. Jarvis has long been a civic activist with an outstanding record of community service. Other efforts to aid her neighbors and the city of Washington, D.C., have often come to public attention.

It is with a great deal of pride and pleasure that I bring forward our first witness. Ms. Jarvis, on behalf of myself and the members of the committee and staff, we would like to welcome you, and you may proceed in any fashion you deem appropriate.

STATEMENT OF CHARLENE DREW JARVIS, MEMBER, CITY COUNCIL, WASHINGTON, D.C.

Ms. Jarvis. Thank you, Mr. Chairman. I am delighted to have been asked to participate in these very important hearings on the urban crisis and the Federal role, and I certainly applaud the chairman's efforts to once again raise our level of consciousness about the plight of our cities.

Although my testimony today will focus on the District of Columbia, the problems of this city are not unlike those of many other cities in the country, as you pointed out yesterday.

DISTRICT'S FISCAL CRISIS

The District of Columbia, like many of our major urban areas, is experiencing a fiscal crisis in which expenditures are exceeding revenues. Our problems in the District are compounded by an accumulated deficit, including pension obligations which began prior to our becoming a home rule form of government. At that time, we were on a cash basis of accounting, appropriate for government agencies, but not at all appropriate for a municipal government.

We are now making the appropriate transition to an accrual basis of accounting, but we must address both the accumulated $248 million deficit and the current $125 million projected budget deficit, and unfunded pension and Metro costs. Because of the city's unique past and current relationship to the Federal Government, because of the specific congressional prohibitions on the District's revenue-raising strategies, and because of the absence of the kind of industrial development that exists in other major cities, our solutions to our fiscal problems must depend heavily on the Federal system.

However, the District accepts its responsibility to use every resource locally available to solve its fiscal problems. A combination of remedies has been suggested by the Mayor and reviewed or approved by the Council of the District of Columbia to address the current budget deficit: reductions in government spending—the savings plan—employee layoffs, deferred capital improvements, and increases in a limited number of taxes.

The city does not yet know how successful the savings program is, agencies continue to overspend as inflation rises, and there is a $60 million decrease in anticipated revenues. Thus, the $125 million projected deficit in fiscal year 1980 that will be rolled over into the accumulated deficit may, in fact, be an underestimate.

In addition to local options already mentioned, there are, in addition, several other options which we might pursue. We can develop reciprocal relationships with surrounding jurisdictions for the collection of outstanding debts of various kinds, including better enforcement of parking and traffic ticket reciprocity; levy fees for the use of District facilities for nonresidents; and flat limited bonds to investors in the amount of the collectable outstanding tax and user liabilities, repayment coming not from appropriated funds but from delinquent taxpayers, themselves.

MAYOR'S FINANICAL PLAN

With respect to the accumulated and projected budget deficits, as you know, the Mayor has presented a financial plan which includes the sale of long-term bonds to the Federal Financial Bank to meet immediate cash needs, a 20-year $10 million budget set-aside to meet the remaining deficit, a hoped for agreement by the Federal Government to assume prehome rule pension liabilities, an essential fixed formula Federal payment, additional reductions in the work force, and elimination of some government programs and consolidation of others.

The plan is a very tenuous one, both because it is so nonspecific with respect to the severe reductions in city programs which are going to be necessary and because so much of it depends on congressional commitments which have not yet been obtained.

For example, the Congress must allow, by charter amendment, both a reserve set-aside and the sale of long-term bonds to the Federal Financial Bank, a resource that has formally only been used for Government agencies. That process, and the necessary legislative approval of the City Council, are time consuming. Therefore, bond sales is an unlikely solution to our immediate cash needs.

Further, the bond sales and the set-aside would require the District to identify $30 million each year for at least 20 years. That kind of obligation must be considered very carefully. Both options are potentially viable, nonetheless, and deserve careful further study.

FEDERAL PROGRAMS

In the interim, our government goes on trying to provide for employment, housing, health, transportation and energy needs of its citizens. Our ability to meet these needs has been greatly aided by Federal block grants and other grants-in-aid, including general revenue-sharing funds.

Because the District is regarded as both a city and a State, we find ourselves in danger of losing our State share of these funds. General revenue-sharing funds are the cities' most flexible, predictable and indispensable source of Federal dollars. What is lost to the States, we hope will now come directly to the cities when GRS is re-enacted prior to its September 1980 termination date.

Reauthorization is due also for the community development block grant, UDAG, and EDA programs. These programs have been a critical component of the District's neighborhood revitalization, housing, and economic development strategies, and I therefore urge this committee's support of their re-enactment.

The committee might also give serious review to the Kemp Urban Jobs and Enterprise Zone Act, recently introduced in the House. Though this bill emanates from conservative Republican tax reduction philosophy, its impact will be, or may be, on that group, the urban poor, black and unemployed, traditionally the concern of liberal Democrats.

Because energy costs are so frequently mentioned as problems in cities across the country—in the District much of our supplemental budget request and reprogramings have been to cover increased energy costs—the Congress should enact legislation providing direct assistance to local governments for planning and implementing energy conservation and renewable resource development programs.

Finally, in the field of health care, new Federal initiatives may be necessary to protect the health needs of the urban poor in cities in which public hospitals and clinics are closing. A number of financially strapped cities are deciding to get out of the delivery of health care services and are transferring these functions to private health deliverers which do not have the same responsibility or commitment to the poor as governments do.

In the District of Columbia, that situation has occurred with the closing of the public health clinic with the highest utilization rate in the city. That closure is now the subject of a court suit brought by Neighborhood Legal Services on behalf of the poor.

Concern about the closing of hospitals, and the consequent impact on the urban poor, was expressed at the Richmond Conference on the National Black Agenda for the eighties. The committee is urged to review the nationwide impact of these closures and to consider the Javits bill, introduced in the Senate, to amend the Social Security Act to provide for reimbursement reform with respect to financially distressed hospitals.

Federal grant programs have not all been boons to cities. In the District, for example, the Environmental Protection Agency requires a level of water treatment which, according to local officials, is too stringent, forcing the District to spend scarce dollars on tertiary treatment because of the Federal Government's investment in the water treatment facility.

To further illustrate, the fair share housing program which gives housing grants to suburban jurisdictions to encourage an outmigration of the innercity poor are not working because transportation is poor between the suburbs and city jobs.

Finally, policies which have encouraged urban sprawl have, inadvertently, contributed to the decline of the cities. Policies counterproductive to city development may be more easily identified now, however, because of President Carter's executive order requiring urban impact analyses of new budgetary, legislative and regulatory initiatives.

Mr. Chairman and members of the committee, there is one final issue I'd like to address, one which I suspect provided some of the impetus for these hearings. Could a spark ignite violence in Washington, D.C., as it did in Miami Beach?

The answer, of course, is yes—but I must emphasize that the spark that ignited Miami violence was in reality a belching conflagration—the exoneration of law enforcement officers who, by all accounts, violated every rule of professionalism and common humanity in the treatment of, and the eventual death of, an unarmed man.

Many in the black community have learned, as a local columnist has said, that "hope is simply disappointment deferred." A strong stimulus, indeed, is necessary to trigger such violence, because many have found their senses dulled by dashed expectations. Let us hope that some realistic solutions to the problems of our urban centers have been identified through these hearings.

The CHAIRMAN. Ms. Jarvis, I would like to thank you very much for your opening statement.

The Chair would yield to the gentlewoman from New Jersey.

Mrs. FENWICK. Thank you, Mr. Chairman.

I wish that I had come in right at the beginning, but I have had an opportunity to go quickly through the beginning, and to follow very carefully what you have said.

I am interested, and before we go into the more serious, what is more serious, but in any case to the city problems, I would like to get a little more of your understanding of the Miami situation and possible solutions to such a thing, to prevent the disappointment that you spoke of that caused the tragedy that we saw there.

MIAMI

You mentioned also this Urban Jobs and Enterprise Zone Act. Could you outline what you think is good about that and what effect it might have? Would that be the kind of thing that might have been useful in Miami, for example?

Ms. JARVIS. I think the situation in Miami was that the violence that followed in Miami was precipitated by a very focused kind of act. It was, as I said, an extreme lack of professionalism and lack of common humanity.

Mrs. FENWICK. The sense of not being represented by the officials of the city? Because that was one of the problems in Newark. There had been repeated complaints about the feeling that the officials of the city had not been fair or respectful, and then it exploded because the complaints had been ignored.

Ms. JARVIS. Well, I think it was probably much more than that. I mean we have come a long way in the history of the civil rights movement to a point where such a thing could happen in Miami; then people look back over the last 10 or 20 or 30 years and they say, have we moved any further than where we were when there were actual lynchings in the South. That was just the most extraordinary kind of incident that occurred in Miami.

I think it was not just that. It was fueled by a history of poor police community interactions; it was fueled by the same kinds of urban problems that exist in all cities around the country. There are not enough jobs, not enough housing. Our young people are not employed—

Mrs. FENWICK. How will this urban thing help? What would that do, do you think?

URBAN JOBS AND ENTERPRISE ZONE ACT

Ms. JARVIS. What the Urban Jobs and Enterprise Zone Act would do is essentially to identify the distressed areas of local cities, and would move many Federal restrictions from those areas so that businesses could easily come and develop in those areas. It would remove the Federal regulations that are so binding on the development of businesses. It would, if local governments agree, remove some of the zoning regulations that perhaps trap businesses which want to develop. It would give certain kinds of tax benefits, tax incentives, including things like reductions in capital gains.

I am saying that there are many ideas in this act I think that ought to be looked at very carefully. I don't really want to be a proponent at this point. I want to indicate that it is the kind of strategy which we may have to develop in the cities, because one of the critical things in the cities is the absence of jobs.

MINIMUM WAGE FOR YOUTHS

Mrs. FENWICK. Yes, there was a very interesting article in the New York Times. A black and Hispanic self-help group had gotten together with a little Federal and State money for equipment and materials, and listed 10 government impediments to their program, and one of them was the inability, when any funds from the Federal Government are involved, to pay less than the minimum wage to a 17-year-old boy who has never worked before.

Now, do you share their view of that? Would you recommend a subminimum wage for the very earliest beginning young people?

Ms. JARVIS. In fact, I have voted on the City Council to do just that, and it was a discussion in our council and has been a discussion at the national level that goes on. It is one that the chairman mentioned yesterday in these hearings, when the Mayor was here.

I support less than minimum wage for 13- to 17-year-olds.

Mrs. FENWICK. Does the Mayor? What was his response to the Chairman's question.

Ms. JARVIS. My recollection of his response was that—it was not an answer that was a definite answer. I don't recall. But I think, as I heard the Mayor, he indicated that one of his grave concerns was the employment of adults, and that we should not have a situation occur where you have a youngster in a family able to find a job but a father who is unable to find a job.

I am on record because I had to vote on it in the Council, and I lost.

Mrs. FENWICK. I see.

I wonder if you could tell me about the medical problems existing in the cities. I know that is not your particular field, but it is important.

Ms. JARVIS. Yes, as I indicated at the beginning of the statement, I did that so you would know I do have some professional training. I was trained as a research scientist in the field of neuropsychology, so I have a doctorate in that area, and I have some clinical experience.

HEALTH CARE

The question of health care in the cities, I think, is a very critical one as governments begin to retrench from the delivery of services because of fiscal constraints. There are many kinds of problems which have been identified, and there is a group, the National Health Law Center, which nationwide has been attempting to address the problems, and has brought it to the attention of the Secretary of HHS. So there are now some attempts to address the problem in that department, but the kinds of problems that occur are the closing of public health hospitals and the transferring of those services to the suburban areas, making it difficult for the innercity residents to get to those services. The transfer of public hospitals to private management, where the balance of the figures at the end of the year is more important than actual delivery of services to those in the cities who need them; the takeover of public hospitals by medical schools is a problem—the relocation, as I said, from innercity to the suburbs.

Mrs. FENWICK. In this excellent booklet of the District of Columbia Government, there is a list of some $82 million of expenditures on the part of the Federal Government for inpatient/outpatient medical services, and so on. Do you know anything about that? Is that accurate and well administered, and operating successfully?

Ms. JARVIS. I don't know——

Mrs. **Fenwick**. Excuse me. In 1978, $59 million; 1979, $82,300,000.

Ms. **Jarvis**. For inpatient and outpatient?

Mrs. **Fenwick**. For inpatient and outpatient medical services, forensic services, narcotics treatment, specialized mental care for children, and so on. Could you tell us something about the operation of those programs?

Ms. **Jarvis**. No, I really can't. I don't know what is incorporated in that $82 million figure. I can't even tell you whether or not those are appropriated or Federal funds which are spent. The District, of course, does get a medicaid reimbursement from the Federal Government.

Mrs. **Fenwick**. It is under the listing unreimbursable services provided by the Federal Government in the District of Columbia.

Ms. **Jarvis**. I can't really speak to that, Mrs. Fenwick, but I would be glad to check on it and let you know.

HOSPITAL OCCUPANCY

Mrs. **Fenwick**. It would be interesting. I would like to know how it works, because, of course, what you say about city hospitals, is true. I have been reading about New York; the same problems are happening there. Their beds are not full, and they are trying to close down some hospitals, and, of course, it is a great distress to the people.

Ms. **Jarvis**. We don't have that problem in this city. Our occupancy rate for the hospitals, private and public, approaches almost 90 percent. That is too high, and, unfortunately, the State health plan, mandated by the Federal Government, and, in fact, is written by the District officials with a great deal of interaction with the Federal Government, has taken suburban statistics about bedding and combined them with District statistics and has indicated that the District should have a reduction of more than a thousand beds. If that happens, we will really be in critical shape in the District.

Mrs. **Fenwick**. How could they, with a 90 percent occupancy?

Ms. **Jarvis**. Because they have done regional statistics and have underestimated populations and really used very bad statistics to do that. With the closing of our biggest public health clinic in the District in the long term, what we are going to end up doing is spending more money on inpatient services. I am convinced of that, as I see what is happening to patients who formerly used that facility. It is going to end up costing us in the long run more to care for those patients.

Mrs. **Fenwick**. I think you are absolutely right, because the clinic, which can take preventive medicine into account, often stops people from ever having to go to the hospital.

Ms. **Jarvis**. That is right.

Mrs. **Fenwick**. I agree.

Ms. **Jarvis**. In health care the situation is difficult because although there are some disagreements about it, many jurisdictions do not regard health care as an obligation of the State or the city, as they regard some other kinds of government services as obligations, so that they retrench from health care, you know, and it doesn't put them in any peril legally, by and large, and they can do that. It is very difficult to win a suit——

Mrs. **Fenwick**. I would be grateful to you if you can look into this. It is on page——

The **Chairman**. Would the gentlewoman yield?

Mrs. **Fenwick** [continuing].

Yes, of course.

The **Chairman**. My thought would be that the Director of the Department of Human Resources would probably be a more appropriate person to answer that question. The Chair would certainly be willing to submit the question to the Director. It is similar to Members of Congress, Mrs. Fenwick, out of the several thousand programs the Congress considers you and I don't have specific information on some of them. It would seem to me this is a matter that ought to be addressed more specifically to the executive branch of the city, and I would think maybe the Director——

Mrs. **Fenwick**. Here is one of the most lively and intelligent witnesses we have, who was trained in psychotherapy, and I thought it would be particularly appropriate.

The **Chairman**. No problem. I would only suggest if you want detailed information on it, you ought to ask the person who administered the program.

Mrs. **Fenwick**. I would love her opinion.

Ms. **Jarvis**. Thank you. I will certainly be glad to look into it. But to correct the record, Mrs. Fenwick, my training is not in psychotherapy. It is the physiological end of the field. So I meant clinical neurological training.

Mrs. **Fenwick**. Neurological rather than psychiatric; right?

Ms. **Jarvis**. I would be glad to find that information.

May I ask what budget year you are referring to?

Mrs. **Fenwick**. 1979. That was the $82 million.

The **Chairman**. Has the gentlewoman concluded her questions?

Mrs. **Fenwick**. Yes.

The **Chairman**. First, for the record, Ms. Jarvis, I would appreciate it if you would give the committee a general description of the ward you represent in socioeconomic terms.

Ms. **Jarvis**. Yes, I represent ward 4, which is in the northern part of the city, east of Rock Creek Park. It is a ward that is very heterogeneous with respect to income and occupation, for there are those who are on public assistance in the ward, and there are those whose incomes are quite high.

We do not now have any public housing in the ward which I represent. The general level of education in the ward is quite high. The schools in the ward tend to be the better among the schools in the city, and we do not generally in our ward experience the intensity of the problems that are experienced in other wards of the city.

We share all of the same problems, but not to the same degree, so that many of the comments which I make are comments which really refer to more depressed areas of the District of Columbia.

The **Chairman**. The latter statement anticipated my next question, and that was, several days ago, we received testimony from representatives from southeast, and the question I was going to raise is to what extent are the problems of the characteristics of ward 4 different from the characteristics of the southeast, but I think you have laid that out.

So I would like to go, then, to my next question, and that is, What do you perceive to be the pressing problems of your particular constituency?

Ms. JARVIS. In ward 4?

The CHAIRMAN. Yes, in the areas of housing, health care, education, employment.

EDUCATION AND SOCIAL SERVICES

Ms. JARVIS. It is really difficult to separate the constituencies in the District because the problems really are shared. When we talk about education, the educational system for the entire District needs a great deal of attention. We are faced in the District with a $35 million cut in the education budget, and that is going to impact on every school in the city, including in my own district.

The CHAIRMAN. You mentioned, for example, that the schools in your area tend to be, from your vantage point, better schools. Why do you think that is the case?

Ms. JARVIS. Well, I think because the whole level of income and education in the ward tends to be higher than in other wards in the city, which means you have parents who, to a large degree, are more advantaged, and they have a greater involvement with the school system than perhaps parents in other areas of the city. And there has simply been a history of involvement in education.

But, as I indicated, the ward is very heterogeneous, and while we have very good schools, we also have the range, and we have some schools which clearly are in need of the same kinds of support that exist with schools in other areas of the city; that is, there are a lot of social service needs, and our school system has come to be required to deliver a lot more than education to our students. They have been required to deliver social services to intercede in families where there is child abuse, to intercede in families where there is mental illness, to intercede in families where there is not enough money to get the youngsters to school with clothing; and so those problems exist in my ward as well.

The CHAIRMAN. Thank you very much.

We have a rollcall vote on, and the committee will stand in recess for 10 minutes. We will be right back.

[Brief recess for Members to vote.]

The CHAIRMAN. The committee will continue its business.

Ms. Jarvis, before we left, I had asked you to outline for us the pressing problem as you perceive them, and you had just begun to talk about education, and I interceded and you may proceed.

Ms. JARVIS. I think, Mr. Chairman, I was indicating—you had asked the question specifically with reference to my ward, and I had indicated that we have the same kinds of educational needs as in the rest of the city, but perhaps not with the same intensity, though our schools vary considerably in their excellence, and that many of them require the same kinds of social services as are required in other high-density, low-income areas—many social services with respect to interventions, with respect to simple income support, and that kind of thing, is, in fact, increasing in my ward, which is somewhat disturbing, which means that the conditions of poverty and the conditions which require social service support are expanding in this city.

DISTRICT HOUSING

The CHAIRMAN. You were present yesterday when the administrative people were testifying, and we got into this discussion of the housing problems and the whole issue of affordable housing in the city, and Mr. Moore laid out some very devastating conclusions when one looks at the housing problems in the District of Columbia.

I would like for you to comment, if you would, on the general issue of affordable housing in Washington, D.C., and in the course of your remarks, I would appreciate it if you would comment on the whole question of condominium conversion and your thoughts about that and also how you perceive the issue of rent control within the framework of the discussion of affordable housing.

Ms. JARVIS. Yes, clearly there is a crisis in housing in the District of Columbia, because the supply of both rental housing and housing for purchase—as the supply of rental housing diminishes, the supply of affordable housing diminishes, as those prices increase and people are simply not able to afford them.

RENT CONTROL

With respect to the whole issue of rent control and rental supply, clearly in the District of Columbia we have produced many nonincentives for those who are interested in building rental housing to get in the market, for whatever reasons, and those who are in the market are getting out of the market, because of many of the disincentives in the District, one of which is rent control.

We are in a predicament because we do have to continue to control rents in the District, but, on the other hand, we do have to provide some incentives for those who would build. Even if there were a lot of building going on in the District, even if there were no rent control, units would be built that would rent for $400 to $500 a month, which puts them out of the reach of many people in the District of Columbia.

I think that we have got to liberalize our rent control laws. We have done that to a certain extent in the legislation which is now going to be considered before the Council. One of the things which I supported was rent increases that were tied to the CPI. Whether it is the CPI for rent or whether the CPI for all indices, is something that we have to consider.

We may, in the long run, have to look to vacancy decontrol, and that is something that we will have to consider in the District of Columbia, that, as units become vacant, that some of them are decontrolled because we must increase the supply. There is no doubt that we have to increase the supply of affordable housing.

CONDOMINIUM CONVERSIONS

Condominium conversions have proceeded at a rather rapid rate in the District of Columbia, and that is why we were forced to put such severe restrictions on them.

There has been a recent study nationwide that shows that the condo conversion craze that we have been talking about is not exactly a craze, that there is a move toward conversions, and, as

Bob, I think, pointed out, there is a move toward conversions for a number of reasons.

If there is no affordable rental housing, or if it costs as much to rent as it does to purchase in terms of your monthly payments, you might as well have equity in something, and if you want equity in something, why not buy a condominium as well as a single-family home.

So there is a demand for housing that has some equity in it, and that is why we see conversions as a popular mode for people who don't want to live in homes and don't want to cut the grass and do whatever else. So there is that pressure as well.

We have to keep the cap on rents in the District of Columbia, and I don't see how we can get out from under any time soon, except on a long-run basis, and we need to find ways of providing incentives for landlords to stay in the business and who want to be in the business. We have maybe 100 new starts in the District of Columbia for rental housing, a hundred new units, and that is it.

We have provided so many disincentives that we have led people into building office buildings rather than to building housing, so our land, the very scarce land that we have, much of it which could go to housing is now going to office buildings, so we are decreasing that supply even more in the future because that land will then be used.

IMPACT OF RENT CONTROLS

The **CHAIRMAN**. Let me just pursue a couple of comments you made. With respect to rent control, is it your thought that rent control is a part of the problem that diminishes affordable housing, or is rent control an expression of the problem of people being priced out of the housing market?

One interpretation could be, as I listened to you carefully, that you were suggesting that rent control may be one of those disincentives. Another interpretation might be that rent control is an expression on the part of people at the local level to the national housing crisis affecting virtually every city in the United States.

There are two different ways to look at the issue, and from the testimony we have received I am inclined to see rent control more as an expression of the lack of national policy in the critical area of affordable housing. The laws, Federal, State, as well as local laws, tend not to support either living in rental housing units, maintenance of rental housing units, management of rental housing units or the building of rental housing units. The laws, tax laws et cetera, tend to support homeownership, condominium conversion.

Ms. **JARVIS**. Yes, I understand your question, and I guess your question is: Is the decline of rental housing the result of rent control, or do we place controls because of the decline of housing?

The **CHAIRMAN**. Right.

Ms. **JARVIS**. And I think both of the above. I think that rent control has contributed to the decline in the number of units available as landlords have felt that this is simply not a profitable business for them, and they have gotten out of it. I think also existing side by side are all of the social conditions that lead to people being unable to afford housing which is available.

So the scarcity is both a result of the economic conditions with respect to landlords' willingness to be in the market, and it is also a result of the economic conditions in the country which put housing outside of the reach of many.

It is also, I think as you say, that there is no deduction to renters on their income taxes, so there is more incentive for them to buy than there is to rent, and I think that you are right, that we are biased in that respect with respect to the laws.

TENANT DISPLACEMENT

The CHAIRMAN. Could you comment briefly on displacement? Is that an issue or problem in the fourth ward?

Ms. JARVIS. It is again not a problem that has the intensity as in other areas of the city, but it certainly is a problem, and I have worked very closely with four or five tenant organizations which are attempting to purchase their buildings in an attempt to prevent displacement. We have a law which gives the right of first refusal to tenants who want to buy their buildings, and it is very important that tenants understand how quickly they need to move to exercise that right, that as soon as they get a notice of intent to sell that, the clock begins to move on them, and that they have got to exercise the right within that clock or they simply lose the option to purchase.

That is why I have been so personally involved in the tenant organizations that wish to purchase, because displacement is a very, very real problem, and where do people go when they are displaced? It is not the poor who are leaving the city. It is the middle income who are leaving the city. Where do the poor go? They crowd in with their mothers and grandmothers and aunts and uncles and exacerbate the terrible social problems we have in many areas of the city. They may, in fact, go south, where many of them have parents or relatives still remaining. They go into more substandard housing than they were in before, but they are still in the city. There are many of them still in this city who are now further impairing the quality of housing because of overcrowding.

So we have the problem in the ward, but we don't have it to the same extent, but to the extent that we can prevent displacement anywhere, it is entirely important.

OVERCROWDED LIVING

The CHAIRMAN. This phenomenom of people doubling up and tripling up as they move about within the confines of the city because they don't have the economic wherewithal to move out of the city, I perceive to be a very significant problem.

A few days ago, I was talking with a woman who was discussing the Miami situation, and she said, if you look at this doubling and tripling up, put yourself in a situation where 10 or 12 people are living in three rooms, would you literally go crazy; and my response was yes. So she said the expression of that is either you explode within the confines of the home so that those interpersonal dynamics become tense and conflict-ridden, or you take it outside and it explodes the way it exploded in Miami, because people have to let off that tension some way as they continue to be stacked more and more on top of each other.

Ms. **Jarvis**. It is something that has support in the literature. I happen to know a lot about the animal literature, and if you overcrowd animals, you find the same kind of violence, the same kind of homicide, that you find exists in our cities. Overcrowding is that kind of stimulus.

The **Chairman**. So you are saying that while it is not the degree of intensity of the overall city, the ward 4 problem of crowding is not as intense as in other areas, but it is your testimony this is becoming a significant problem among low-income people in the District of Columbia?

Ms. **Jarvis**. Yes, and it is becoming a problem in my ward, and that is distressing, because we are seeing things like evictions much more often. The number of welfare families is on the increase, and so it seems to be an indication of a greater spread of social disorder essentially in the city.

SENIOR CITIZENS' PLIGHT

The **Chairman**. What about senior citizens in that regard? Are you finding more senior citizens being displaced or a greater number of senior citizens being defined as indigent as a result of the inflationary pressures on them?

Ms. **Jarvis**. Yes, there are some very sad stories, many sad stories, about senior citizens and their inability to stay many times in homes which they have paid for long ago, and now find themselves unable to stay in because of the increasing tax bite, property tax bite, or whatever, even though we have tried, and have, in fact, lowered the rate in the District of Columbia for single-family homes, but the fixed-income senior citizen homeowner is a concern of mine, because that is a good part of my constituency in ward 4, and the seniors are being displaced at a rather alarming rate.

It is a real question about what we can do in the long run to help, because one in five by the year 2000 will be over 65. It is a whole population whose needs we clearly have to address now in order to be able to be prepared for that.

FEDERAL HOUSING ROLE

The **Chairman**. Do you think that the Federal housing programs support the displacement of the poor by the middle-income persons? What is your perception of the role of Federal housing programs in the District of Columbia? Are they assisting and easing the displacements, or are they contributing to the displacement of a certain segment of our society?

Ms. **Jarvis**. I guess I have to say both of the above to that one, too, because certainly the programs, the community development block grant programs, UDAG programs, have been extremely helpful in neighborhood revitalization, but to the extent that some moneys have been made available to middle-income residents for renovation of homes in center cities that has exacerbated the displacement problem, and I think that there has been some attempt in the reauthorization of the community development block grant moneys to pull that support away from middle income and make sure that it is, in fact, targeted to low-income families who need the help in revitalization and renovation.

Certainly the moneys have helped. I am working with a tenant group in my ward where we have secured a commitment, Federal commitment, of $3.1 million for renovation for a building that tenants want to purchase. That is the kind of help that the Federal Government has been in housing.

But I think that there are indeed some policies which have aided displacement, but that we have come to recognize them, and there is a move to try to rectify those problems with the reauthorization of both community development block grant and UDAG moneys.

PEOPLE PROBLEM OF THE CITIES

The CHAIRMAN. Let me ask you to respond to a rather general assertion. A number of people who have come before the committee have indicated that their assessment of the future of the cities of this country is that if we continue down the path we are presently going, that the cities will end up cities of young people, senior citizens, minorities, and well-to-do human beings. Do you perceive that to be the future of Washington, D.C., given the direction that we are presently pursuing?

Ms. JARVIS. Yes, I think statistically that is supported, that indeed it is the middle-income person who is leaving the District of Columbia and what we have is simply a declining tax base and more lower income residents who remain.

In preparation for this hearing I talked to a lot of people both in the government before and in the government now, and when I got through a lot of those conversations, I had to sit back and recognize that nobody knows what to do about the problems of the cities because of the kind of problem that you indicate, that those who are in the cities are not going to be self-sustaining, and those who can help them to be sustained are out of the city, and so more and more the cities have to depend on Federal assistance to maintain just the low level of living that many of our citizens face in the District of Columbia and other cities at large.

We have at the same time a real Federal retrenchment with respect to moneys spent in the cities. There is a report—"The Federal Role in the Federal System." It is a massive—I don't have it at hand, Mr. Chairman—but it is the Federal role in the Federal system which indicates that the Federal Government has just shifted massive aid to the cities, counties, States, and that in the opinion of those who did this report, it is too much and that there needs to be some retrenchment; so we are facing that problem. We are facing a greater need and a lesser willingness by the Federal Government to participate in the problems of the cities.

I think that what is required is just a Federal recommitment to the cities and to the needs of the cities, understanding that there is no easy solution that comes from within the States and the cities, themselves.

IMPACT OF MIDDLE-CLASS PRESENCE

The CHAIRMAN. Let me try to tie my last question to a question that I asked you earlier with respect to education. You mentioned that your ward tended to be the "better schools" but within that statement there were certain neighborhoods that tend to have better schools than other neighborhoods in that ward.

Based on observations and on testimony, my thought would be that you might find the best schools where the middle-class families tended to live in that ward. This it seems to me, means that if the middle-class is the angry class, is the class that has the capacity to challenge the institutions, and to make the institutions responsive, and is the class that feels a tremendous need to support those institutions based on family, et cetera; that when they leave, the institutions go down.

In those areas in Washington, D.C., where well-to-do people have their children in private schools or middle-income families have moved to the suburbs, it might be in those areas where people fighting just to survive and working every day, don't have the capacity to make the institutions responsive; that it is in these areas where we have a significant difference in the schools.

What is your thought about that?

Ms. JARVIS. I think you are right. It is, by and large, the middle class that recognizes its power to lobby and to affect Government policy. It is also the middle class which is, by and large, future-oriented, goal-oriented, so there are certain values that are inherent that produce schools that are better. So I think when you lose the middle class, you do lose a lobbying voice to a certain extent.

But I think, as Mr. Buford pointed out yesterday, when people are pushed so severely as they are being pushed in the District, that you will hear the hue and cry from those who have traditionally not been a part of the lobbying system, and that we will hear those voices in any number of ways.

There is still, however, a feeling of powerlessness I think that pervades the whole of the community. I don't think that the feeling of powerlessness is restricted to low-income people. I think that it is a pervasive kind of thing that keeps even those who should from impacting on the system which is so vital to their own future development.

The CHAIRMAN. I just have a couple questions staff would like me to ask with respect to private sector participation.

PRIVATE SECTOR ROLE IN CITIES

What particular means or programs would you suggest we use to increase the involvement of the private sector in solving a number of the major problems of the cities, and do they have an appropriate role?

Ms. JARVIS. Certainly. I think that the private sector has an investment in this city in the same way that all the rest of us do, and that this city is an attraction to private industry. It is the Nation's Capital, and there are many private enterprises that want to locate in this city and in fact do, and who withstand what they consider to be the disincentives to business development in the city, which is high cost of land, the high cost of unemployment, the high cost of workmen's compensation—we have tried to rectify that to a certain extent—and simply the extent to which they are placed at a competitive disadvantage with respect to surrounding jurisdictions in terms of their ability to locate and have costs that are less.

I think the private sector could do considerably more than it has at trying to develop job options for our young people, that the private sector job expansion has not been good, and that we might look to that sector for that kind of training.

There are programs that work. The Board of Trade has what it calls a prep program in the schools, and it has young people come into the various businesses and work in them and understand how businesses are run and potentially then you have young people who can be put to work in those same kinds of work environments, so that there are some programs. But much too little.

The whole purpose of UDAG was to blend private and public in building businesses in the District. I can't really tell you how successful we have been in the District in using UDAG for that purpose.

We can simply work with the private sector. For example, in my tenants' groups, you know, I have gone to the banks and the savings and loan institutions and said, look, we have here a group of low- and moderate-income tenants, 250 units, maybe 500 people, who are threatened with displacement, and what we need is, we need some resources from the private financial community to make sure these tenants can buy, and I have gotten that kind of agreement, so it just means continued communication and sharing of what is clearly a concern that doesn't differentiate between the business community and the Government. The city has to prosper for all of us, and not just for the Government.

I guess the business community feels that the city has already made too many demands of them, that when we increase taxes, it is the taxes of the business community that we have increased rather than the taxes of those who live in single-family dwellings, and we just did that, and I know they have been over here to indicate they are not happy about that kind of development, but I think that the private sector could do much more than it has done with respect to jobs, and it gets really down to basic economics.

If people have jobs, the city prospers because the spinoff from that is just so tremendous. Business prospers if people have jobs because people purchase more from those businesses, and if we can just expand that job market in creative kinds of ways, that is what we need to do.

VOCATIONAL JOB TRAINING

The problem is that there is a mixmatch. We have more white-collar kinds of jobs than we have people who are trained for white-collar kinds of jobs. We have young people who come out of our public school system who simply cannot handle white-collar jobs, and that is a very, very sad fact. I mean not only are these youngsters going to find it difficult to be employed, many of them are unemployable. They don't have the kind of skills that this market calls for, and that is why it is going to be so important to us for the future expansion of jobs in the city to match skills with what is available, and to take a policy that will expand those kinds of job opportunities for which we have youngsters who can be trained in them.

We don't have light industry. We could have light industry, and we have not really gone the road, I think, to attract the kind of light industry that we could have in this city and what remains of the land that we have on which to develop it. So I think that a lot more can be done to retain businesses that are here, and to encourage businesses to locate in the District of Columbia.

You know, we have a situation in which businesses locate in Pennsylvania, but their market is in the District of Columbia. And that is a very peculiar system. So we need to find ways of providing incentives for them to stay in the city where their market is, and we have not done a good job of that, and we need to.

The CHAIRMAN. Let me ask you one additional question with respect to the private sector.

Given the present financial stress on the District of Columbia, do you see the private sector having more responsibility than they have had in attempting to address the financial difficulties of the District of Columbia? You have mentioned the business tax; is there any additional responsibility that one should expect from the private sector, given the financial problems of the District?

Ms. JARVIS. Well, the financial problems of the District have a history which is really related to the congressional involvement, and I think that much of the solution to our current financial situation in the District has got to be accepted by the Federal Government, which had such a role in the development of the history of this city.

We have to look to local options, as I indicated in my testimony, and we are doing that; we are looking to local options. We are looking to additional taxes on business which we have done, but I think we can't ask the business community to shoulder the kind of financial responsibility in which it had no part—I mean it had no part in the unfunded pension system; it had no part—I was going to say it had no part in creating the Metro cost, but it does prosper by the extent to which we can improve that system.

So I don't think we should ask the business community to shoulder unfairly a financial situation in which it was really not a part and parcel of making, that it ought to shoulder it to the same extent the rest of us in the District of Columbia have to shoulder it, and the rest should be shouldered by the Federal Government to the extent they were involved in helping to exacerbate the problem.

IMPACT OF METRO

The CHAIRMAN. One last question: When you mentioned Metro, how does your constituency regard Metro? Is it useful to them?

Ms. JARVIS. No. I think that Metro is perceived as being a mechanism which allows suburbanites to get in and out of the city quickly and which allows those who work in the downtown area to get around more easily in the downtown section, especially the section of the city which is—I am trying to describe it geographically—which is south and west.

So I think that generally the citizens whom I represent don't perceive that Metro has been a boon to them.

The CHAIRMAN. So, as you mentioned earlier, that this is an area where the premium is on white-collar employment, but there are a number of people for whom white-collar employment is not appropriate or desired by them. Some people don't want to do white-collar work. Is Metro not the vehicle that allows them to get from the innercity into the suburbs where light, medium and heavy blue-collar industry is?

Ms. **Jarvis**. I don't think the system has been developed to such an extent that is true. It may in the future be true as we develop the system a little better, and certainly there are some routes along which that is possible, but I don't see it as yet a fully developed system that allows that kind of ease between the city and the suburbs. That is why, as I mentioned, the fair share housing program has not worked. That is a program in which suburban jurisdictions are given housing grants to encourage the outmigration of the poor from the center cities as a way of decreasing the density of the low-income residents, but that doesn't work because there is no transportation between the jobs which these folks hold in the city, and the place where they are going to live in Fairfax, or any of the other surrounding jurisdictions.

So I don't think Metro has met the needs yet of those who are seeking blue-collar employment and who would be moving from the city into those areas, rather than from the suburbs to white-collar employment.

The **Chairman**. That is what I was trying to get at, and I appreciate your response to my question.

Are there any questions from counsel for the minority?

Any questions from staff?

Ms. Jarvis, we would like to thank you for your presentation and response to my questions. As I indicated yesterday, we perceive these first several days of hearings to give us a broad overview, and then I think it is terribly important that we begin to focus in on a number of the problems that confront people in the cities in this country, and this is our modest effort at trying to get the Congress and the country to look at a very explosive set of issues, the problems that are gripping the people who live in the urban centers of this country.

And the whole premise of these hearings is that what happens in Washington, D.C., in many ways is a precursor of what will happen across the country. Many people tend to perceive Washington as some unique place because it is a company town and the company business is government; that in some ways it is so thoroughly unique that the problems are not applicable anywhere else. But I see this as a major urban metropolitan center with all of the critical problems, and if my colleagues are not prepared to at least begin to try to address the issues in the community in which they find themselves living on a full-time basis, then what is going to allow them to talk about helping other communities several thousand miles away from here.

Ms. **Jarvis**. I agree with you, Mr. Chairman. I might say Washington is unique in a couple of respects, and I mentioned those in my opening testimony, too. We don't have the kind of industry which can support a job expansion, which many other major cities do—Houston, for example; and Houston doesn't find itself in quite the straits many other cities find themselves in because of that.

We also are limited, and I will just make this statement again, in the revenue-raising strategies which we can employ in the District of Columbia, and we are limited in a way that no other jurisdiction in the United States is limited with respect to those strategies.

So we find ourselves even in a more compromised position than many of the other large cities because there are resources which could be tapped which we can't get to.

The **CHAIRMAN**. Thank you very much. I appreciate your presentation and your contributions to these proceedings.

Ms. **JARVIS**. Thank you, Mr. Chairman.

The **CHAIRMAN**. Our next witness is Dr. Vincent Reed, superintendent of education for the District of Columbia. We would like to welcome you before the committee. On behalf of myself and the members of the committee and staff, I would like to welcome you before the committee, and we are deeply appreciative that you are able to take the time to come before our committee.

You may proceed in any fashion you deem appropriate.

STATEMENT OF DR. VINCENT E. REED, SUPERINTENDENT OF SCHOOLS, DISTRICT OF COLUMBIA

Dr. **REED**. I did submit some material, and I am sure it arrived.

The **CHAIRMAN**. Yes. And without objection, your total statement will be included in the record.

[The information appears on p. 384.]

Dr. **REED**. As we address the problems of the city, I feel strongly that as far as Washington, D.C., is concerned, so goes public education; so goes the city. I see no way that as we talk about increasing the tax base, as we talk about solving some of the other problems of employment and preparing people for employment, if the school system is not functioning to the point it is producing quality, then I see a very dim future for the city.

I want to talk to you in maybe a little different way, because, as people appear before committees, they tend to say things that spell out the company line. They tend to give you a presentation that will be accepted so they can get up and leave. Now, as the result of that, most of these sessions are a waste of time.

Before I got to be Superintendent, I had been in this school district 22 years, and I have been everything in the system from a teacher right on through a principal and up through the top echelon positions, and I thought that I really knew the system, that I knew how to manipulate the system, how to survive in the system. But after I got to be Superintendent, I found out I didn't know a damn thing about the system.

D.C. SCHOOL SYSTEM

What is happening to education is far deeper than money and all the other kinds of things you constantly hear about being the problems. Let's take this system, for instance.

Prior to my coming onboard, this school system had had eight superintendents in 12 years, and because of that musical-chair syndrome that had taken place, they left before they could find out where the bathroom was, and the system had become a collection of people who just survived. Everybody insulated themselves and built little kingdoms so they could survive another superintendent coming and going, and the system just deteriorated to the point there was no systemic thrust, no sustained leadership, and, as a result of that, no real progress along the lines of what we were doing with the pre-K through 12th grades and what people were learning by the time they reached 12th grade, and we were producing a large number of people out of the 12th grade that couldn't function at the 12th grade level.

That doesn't mean all of our youngsters fit in that category, because many of our young people come out of high schools and matriculate and are successful in large universities and colleges all over the world. But we have too many coming up who do not fit in that category.

When we first came onboard, we were faced with a problem of terrible mismanagement and some of these statements may be self-serving because I am now Superintendent, but you have to understand what this lack of leadership over a long period of time—and I am not blaming my predecessors, either; I am blaming the board, because they are the ones who hired them and the ones who fired them.

We had got to a situation where the management was almost nil. We couldn't get teachers paid; we couldn't get them paid the right amount of money; we couldn't get requisitions, orders, supplies from the vendors to the warehouse or from the warehouse to the school sites, and when you did, it was too late.

We had superintendents who came up here and testified before the subcommittees on the House and Senate side who admitted they didn't know how many teachers we had in the system, employees in the system, all of that kind of embarrassing thing, because they were involved and their energies were put forth to surviving as a profession and not running the system.

So we had to come to grips with that, and we had to make some decisions along the lines of where are you going to go when it comes to straightening out the system or giving the system a foundation to stand on regardless of who is superintendent.

SCHOOL MORALE

So we kind of put education on the backburner and stopped talking about why our kids are not achieving and concentrated our efforts on straightening out management, because our problem, we felt, was if we didn't get people paid on time and other things straightened out, there is nothing going to take place in the classroom between the teacher and the kids, because if the teachers don't get paychecks, for some strange reason they don't like it, and when they don't get the right amount, for some strange reason they are upset. And all of that talks about the morale.

So as we moved to deal with that, we had to look at all the graphs and other things that had taken place because there were no checks and balances in the system. I am telling you this because it is what happens to a school system when these kinds of things are taking place and 75 percent of the things the Superintendent is dealing with has nothing to do with education, because you are thrown in a management role where you have to manage, and you don't have time to deal with those things that are going to enhance or advance or improve the quality of your program.

And I think that is what has happened all over this country in large cities. As they get predominantly black, you have a succession of superintendents. What they usually do is stay with a white superintendent until you get to a deplorable situation, and then put a black superintendent in who is supposed to be a messiah to pull it out. They are not in most cases people who come to those positions with the experience which will enable them to pull it out. The only reason we have had any measure of success in this town is that I have been fortunate because I came from within the system and had a better grasp on the system when I got to be Superintendent than somebody they would bring in from the outside who would get into the political arena of this city and are chopped up before they can find out how to get back and forth from home without being told how to go.

TEACHER SALARIES

I am not sure money is the real problem. You need services. You have to have money in order to pay teachers. The average teacher's salary in this town is $23,000 a year, which is one of the best in the country. Eighty-eight percent of our total budget is wrapped up in paying people's salaries, and we recognize that as a fact. Until we can straighten out some other things we are faced with, we are in serious trouble.

I have great battles with my board of education, and I can say that publicly, because it happened in the public arena as late as last night, where the boards of education not only in Washington, but all over the country have moved in to try to run the school systems, and the board of education cannot run the school system. They have to hold the superintendent responsible.

As I talk to superintendents across the country, that seems to be the biggest complaint they have. They are asked to do a job; they are held responsible for doing the job, but, at the same time, the control of the system is in somebody else's hands, probably 7, 5, or 11 people. That is impossible to deal with.

So those, to me, seem to be some of the greatest problems we have along the lines of accountability. The whole business of insurgence of community control of schools, and community people hiring and firing principals and teachers who are responsible to the superintendent in so many cases who does not have the responsibility or not have the privilege rather, the prerogative, to hire those people who he has been responsible for or she has been responsible for.

I am not sure I am coming across how I wanted to, because it is a deep ingrown problem that nobody wants to surface, and nobody wants to deal with it, because it smacks at somebody else's position of how they stand. And most superintendents are deathly afraid to say anything that may be viewed as negative about the board of education, because naturally the board of education hires and fires them. But I think you have to take the attitude that the life expectancy of a large city superintendent is somewhere around 18 months. So when you take the job, you know eventually you are going to be fired, and you have to take it, understanding I am going to do what I have to do unless they can get the six votes to get me out of here.

And until we do that, I don't think we are going to save public education. We have been very fortunate in the last 5 years; we have made some small gains in improvement of our reading scores, which seems the bottomline to evaluation of the system. And I am happy about that direction. I am not so happy; I am jumping up and down because the gains have been very slight, but they have been steady over a period of 3 years, so it proves to us that with the right kind of educational program, and we put our CBC program in fully this past September after 3 years of phasing. The innercity kids can be educated. We know if we put the program in place and hold people accountable, you can educate young people regardless of the socioeconomic background.

So I am saying to you that if we can take the politics out of education to the point that it doesn't interfere with it—I am not naive; I know you can't take it all out—and you take the school system now running in the cities and put them in the hands of the person supposed to be responsible for them, I think there is hope and light at the end of the tunnel for saving public education in this country. I don't know of any city in this country where more or less the public educational system is not the foundation of that city. If you want to save cities, and you can produce and reduce that lack of credibility in the public schools, you don't have to worry about the middle class flight or white flight or other kinds of people running away from the cities, because I think quality education is the answer to flight. People want to be in the city, I think basically most people want to be in the city, but they feel they are forced out because of the lack of education their young people are going to receive.

Ms. Jarvis indicated a large number of young people coming out of the schools are not able to function at the 12th grade level, which is very true. But we have made great strides, I think, along the lines of changing the mental attitude of teachers and staff people and also of students.

I will stop with that, and I am here to answer any questions that anybody has to address to me.

The CHAIRMAN. Dr. Reed, I would like to thank you for a very candid opening presentation.

QUALITY EDUCATION AND SOCIAL PROBLEMS

Let me start where you left off, and I tend to agree with you that in many ways the future of the cities are tied to the future of public education. When you look at the data in Washington, D.C., it indicates a rather small percentage of housing units in Washington, D.C. are really family housing units, and that an overwhelming majority of those children who are in school in Washington, D.C., are the children of families earning $10,000 and less, or $35,000 and over, and that there is an interesting disappearance of families earning between $10,000 and $35,000 a year, black and white, who tend to, once they get married and begin to have children, move out into the Virginia and Maryland suburbs ostensibly for a number of reasons, one most important being "better schools."

You mentioned that if we have quality education, we don't have to worry about middle class flight into the suburbs. One of the questions that I have is, can you have quality education with this significant group of people out of the school system where the well-to-do don't participate because they send their children to Sidwell Friends or other schools, middle class people are in the suburbs, and the low income people, everybody in the family that can work and get a job is out working, functioning, often having difficulty either getting away from the job or making the system respond to them, how do we get the quality education with such a significant population of people outside? Which comes first, is the issue, I guess, I am raising with you.

Dr. REED. I feel if you can produce quality with what remains in the city, you have a greater selling point than ever, because you say to the people, if we can produce quality with these youngsters who don't have the advantages of some of those who left the city, you know what we can do with the youngsters who bring to our school system the advantages.

One of the things we have to face is that the social ills that young people bring to schools, particularly inner-city youngsters, are so massive sometimes that you have to deal with that before you can even talk about education. I know some people I talk to—I talked to a guy on the radio a couple nights ago who disagrees; he says that is a cop-out; that is an excuse. Mr. Chairman, anybody who has been in the inner city for a long period of time, and we talk about multiple living quarters as Ms. Jarvis talked about before, families stacked on top of each other, those youngsters have to bring to school with them large numbers of social problems that will inhibit unlocking anything along the lines of education until you can deal with that, or you have to deal with them smoothly.

I feel quality can be gained and maintained even with the residue of what we are dealing with in the city and regardless of that flight. I think with a good strong program that we have to demand from young people and expect certain levels of achievement because there is no greater enhancer of achievement than expectations. I think we have given up, and we have said to ourselves, because these young people come to the school without these advantages, they can't learn or are only going to learn so much. I reject that, and we can show through the test scores that has not happened in the last 3 or 4 years, because those youngsters who were showing low test scores have not reached the national norm at this point, but have showed significant gains in that direction, because we have done away with social promotions, the whole feeling that you are poor, black and came from the ghettos, so we don't expect anything.

We say you have to achieve in spite of that. I am not giving you rhetoric. I feel you have to make sure that people know you expect for them to achieve, and if they don't achieve, you are not going to pat them on the back and pass them on, anyway. You are going to say you have to go back and the system has to bring to bear on that person additional help to make that person achieve, notwithstanding the fact that we know some people are not going to achieve. But I think most of them will, if you push them to the point they have to achieve, because when they get out of school, they are going to compete in a whole world, and they are not going to compete in a black world; they are not going to compete in anything but what the world is, and that is a multitude of all people, and they have to survive. I think if you train them in an isolated clinical kind of situation, they are going to be hard pressed to deal when they get out of school.

I feel we can produce quality with the youngsters left and that, in itself, would be a clear indicator to people that the system is viable, and if their youngsters come back with the advantages they have, how much more we can do for them.

REDUCTION IN TEACHERS

The CHAIRMAN. You indicated, as I said, in rather candid fashion, that there are a number of problems that confront public education in the District of Columbia, and that money may not be the most significant of those problems.

But can you comment on the fact that given Washington, D.C.'s present fiscal problems, it is requiring virtually all agencies, programs, public institutions in Washington, D.C., to cut back, including the board of education. So my son comes home and says, "Pop, I may not start school until November." So that said to me that limited resources does play a very specific and very real role in the light of the children in Washington, D.C., who by virtue of limited resources may be denied several weeks or a few months of education that ought to be their right.

Can you comment on that?

Dr. REED. Yes, sir. I think you misunderstood me. I didn't say that the budgetary appropriation was not important. I say I am not sure it is the most important thing when it comes to quality in education. I would be the last one to sit before you or anybody else and say that the revenue that is needed to run a system is not important. It is vastly important.

We can go further than talking about delaying school openings. I am in the process now, Mr. Chairman, of RIF'ing 1,333 teachers before September. I have already RIF'ed 800 as of this minute since June—800 teachers out of the school system since June 30 to today, which is less than one month.

I have cases wherein three different cases I know of the husband and wife were RIF'ed on the same day, destroying the economic base of a family. So I am not sitting here saying finance is not important.

It deals also with supplies, those kinds of things you need in labs, whatever they may be, specimens and other things. It is vastly important. I am saying even with a ton of money, if you don't get some of the other things in place, I don't see any chance for quality. That is all I am saying.

The CHAIRMAN. Can you comment as to the effect of RIF'ing a thousand teachers will have on the quality of education in the District of Columbia? If you go back to the comment from the previous question, and you indicated that the selling point for the District is if we can achieve quality education with the people we have in the system. Can that be done with the removal of a thousand teachers?

Dr. REED. Let me go back and tell you about increasing our test scores for the last 3 years. We got them out last week and were very gratified. With the RIF'ing of a thousand teachers it says to us that some of the younger, more vigorous physically dedicated teachers are going to be RIF'ed out of the system, because with their own set of unionization and other variables that enter into the business of who is RIF'ed and who isn't, we are going to lose young teachers because every contract is built on seniority.

That is not to say more senior teachers are not good. It says the young teachers who have the physical stamina and dedication to teach are going to be RIF'ed and the most disturbing point is they are going to be RIF'ed and when they go outside of our doors, the surrounding school districts—and I don't blame them a bit—are soaking them up as fast as they can get them and put them in their system. I don't know that we can maintain the quality we have been able to show for the last 3 years with that kind of devastating cut.

I made this presentation to the city council, the mayor of the city, and to both the House and Senate subcommittees, but to this point it is to no avail.

Let me give you an idea about the financial problems. Maybe you know of them. To maintain in 1981 everything we had in 1980, our budget would have had to jump from $247 million to $279 million. With fuel oil going from 47 cents to $1.08, and other things which have impacted on that escalation, we asked for $279 million. The mayor originally set us at $252 million. Then the mayor came back and took $8 million out of that $252, to knock us down to $244 million, so we are $5 million less than we were last year at the end of the fiscal year with the escalation at the level I indicated to you just now.

That is the reason we are cutting. We are cutting $39 million out of our 1981 appropriation, and that is the reason we are having to RIF 1,333 people. It is devastating. I can't sit here and tell you the impact of that. We cut out completely programs like Driver-Ed, cut back drastically on adult education, cut back on counselors. I have terminated 45 assistant principals, and we have had to cut across-the-board to come up with that kind of devastating cut.

This school system has never in the history of its life had to cut $39 million at one time; never. And we are grappling with that now. We are going to cut. I am going to have 1,300 people RIF'ed by September 4, when school opens, but it is devastating.

The CHAIRMAN. Is the problem even further compounded by the statement you made? That is, if you RIF a thousand people, and all the ramifications of just RIF'ing a thousand people, if that thousand tends to be the younger teachers, you know, I talk with teachers, and the first 2 or 3 years out of school is when the teachers are idealistic and tend to challenge the system. You know, they still feel assertive. But after about 2 or 3 years the system has beaten them into submission, so they become part of the process of an insulated system that is nonresponsive and nonsensitive and insensitive, so that the problem is further compounded by the fact that in RIF'ing a thousand teachers, you lose those people for those brief few years who have the creativity and energy to really buck the system and go out there and try to move beyond the inertia of the bureaucracy that sets in on them.

Dr. REED. Yes, sir, you are absolutely right.

The CHAIRMAN. The Chair will yield to counsel to ask a couple questions.

ADMINISTRATIVE LAYOFFS

Mr. DAVIS. Dr. Reed, to continue with the questions related to teachers being RIF'ed and overall reductions and the extent to which those are taking place, would you tell us to what extent administrative staff also are being RIF'ed, and is there any proportionate ratio in proportion to the number of persons being lost who are teachers?

Dr. REED. Yes, I cut $4 million out of administration at the tune of something like 92 people. I cut 92 positions out of administration from my office right on down.

Mr. DAVIS. Is that something which you expect will have a very negative impact on the management problem which you outlined at the beginning of your statement?

Dr. REED. Absolutely. You know when you talk about cutting school budgets from a political standpoint it sounds good to say cut everything except teachers; cut the fat cats downtown. Let me explain when you cut the fat cats downtown, you cut services. We have come a long ways in beefing up and shoring up our management system, and personnel and management and delivery, and everything else. This kind of devastating cut is going to put us in a position where we will not be able to deliver services capably as we have been able to do in the last 4 or 5 years, so it will have a great effect on the ability to render services.

Mr. DAVIS. If I could back you up just a bit for the record, you were saying a while ago that students bring to the schools a lot of sociologically determined problems, and I think some of us are aware of that, but what we usually hear, or have heard here prior to your testimony, has a lot to do with what is perceived as the negative impact on the community derived from the deterioration of the educational system, and I seem to hear you saying a while ago that yes, that is going on, but what people are not looking at enough is what the education system is having to deal with as a result of other social problems.

Would you amplify on that a bit, so that we can get into the record some sense of what schools are having to deal with which perhaps has nothing to do with teaching?

FAILURE OF PARENT INVOLVEMENT

Dr. REED. It is easy to become a whipping boy for all of the ills of young people. If a youngster comes out of the 12th grade or not, or isn't progressive in school, it is usually labeled as the fault of the school. It says the school is bad. But if you really look at it from a pragmatic standpoint, in order to make any significant gains in educating a young person, there has to be a unison between parents, the student, and the school.

The thing I find lacking is, we have, unfortunately, too many parents who do not involve themselves in what is happening in the school; to make sure their youngster is involved, make sure what courses they are taking; take some time to visit the schools, to check with teachers on attendance. It is a sad commentary. In two ways it is a sad commentary when the parent comes in and says my child was absent 45 days, and I didn't know it. Naturally I take the blame for the school not reporting that situation to the parent, but, again, I have to stop and say, in 45 days your child has come home and not mentioned to you they have been out of school, and there is some responsibility there, too.

So I am saying it is a combined effort between parents, schools, and the student in order to bring about some gains educationally.

The social ills I am talking about are those that are so severe that young people are not mentally ready to talk about reading and writing. They sit in class thinking about dealing with those social problems during the school hours, and that is the kind of hindrance I am talking about inhibiting young people, and some young people come to school with those problems and are still able to divide themselves during school time and show gains and progress during school, and others cannot.

Mr. **Davis**. Thank you.

VOLUNTEERS FOR SCHOOL PROGRAMS

Let me ask another question which is somewhat related to what we are talking about now, and also to the business of the loss of personnel within the system.

We had a prior witness, Dr. Marcus Raskin, who put before us what we took to be a fairly provocative and innovative idea. His idea was that with these kinds of massive reductions in staffing of the school systems that it may be time to start considering voluntary programs that will have professionals from the community as well as parents voluntarily going into the schools and giving 2 or 3 hours here and there, or whenever they can, in some organized way of course, just in order to enable the system to survive.

Is this something which has come to your attention in any way before, the necessity to try to launch such an effort?

Dr. **Reed**. Absolutely; 2 years ago, I organized a voluntary office and staffed it. We went from something like 300 volunteers to 2,700, which we honored here at the end of the last school year. I don't think you can measure the value of voluntary service in the schools. I don't think we could survive now if it wasn't for that large number of volunteer parents. During the year before last, work stoppage with our teachers, without the response we got from the community people who went in and held classes, and in some cases very qualified people, themselves, because of their prior experiences, we never would have survived that terrible time.

So I think he is absolutely right. The voluntary services we have in this city are great. This city has more resources than any other in the world I know. We have had to tap that. We have extensive programs also with the community along the lines of executive intern programs, students who work with the executive-type people, and in so many cases it leads to a job. We have a lot of community programs we operate in the school system. We are very gratified that for the first time in the history of our school system 33 of your youngsters from one career center renovated an entire house and sold it for $87,000 and now we are doing the second house and looking forward to doing some new houses in the future.

CAREER DEVELOPMENT SHORT PROGRAMS

Mr. **Davis**. We have had witnesses tell us again and again, Dr. Reed, and you heard Ms. Jarvis say it this morning, I am sure, that one of the biggest problems with our educational system is that often it is totally out of sync with the demands of the labor market, and we have heard that repeatedly since these hearings began.

Would you comment on that? Tell us, first of all, if you recognize that as a priority problem, and, if so, what kinds of things are being done in Washington to correct this problem?

Dr. **Reed**. That has been a big gap, and we recognize that. To try to offset that, we have involved the labor unions more and more in our planning on our advisory council for career development programs. That way, we have some real expertise along the lines of what is happening in the world of work.

The biggest problem we have found in the past is we have not been able, equipmentwise, to keep up with the advancement of industry. If we buy a piece of equipment, we are socked in with it for 20 years. In printing, for instance, the printing industry accelerated so fast, we were still teaching youngsters to handset camera, and they were going from the camera to the press in the industry.

One other problem we have had in the past, which has lessened somewhat, is the racist attitude of unions. They have not been open to taking black kids OJT and training them. The Bricklayers Union has gone forward in that before some of the rest of them. So that has been one of the problems. Now, a lot of that has melted down, and we are working with apprenticeship councils and other groups, training young people to be ready to step out and go OJT even if not on a regular job. We are moving in the direction of involving unions and labor people in the planning of the school and asking them what should we be teaching in the area.

Our auto mechanics, if we are going to teach auto mechanics, they advise us we should teach combustion engines and other things, rather than going back and doing like we had done in the past. I think that has helped us to move and lessen that gap between industry and the schools. Not to mislead you that we have reached a point where we feel comfortable with it, but I think we have lessened the gap.

Mr. **Davis**. Have you found private business and industry very cooperative?

BUSINESS HELP TO SCHOOLS

Dr. **Reed**. Very much so. And we have called them in for other things. I was having terrible problems 2 years ago transporting handicapped children from the homesites to schools. We were not able, with the number of buses we had, to get the youngsters to school on time. We were getting them to the schools at 10:30 in the morning and picking them up at 1:30 to get them home. So they had no time in school. We went to the Metro people and said, you have the people with routing experience, can they sit down with our people and show us how to do it, which they did.

We had trouble stocking the warehouse in a systematic way so we would get goods in and out in a fashion. We went to the Giant Food people and said, loan us your warehouse people to show us how to do it; train our people. They did that. We have called on people in the business community time and time again to aid us in training people. Not to do it for us, but to show our people how to do it so we can carry on. We are taking advantage of that.

Mr. **Davis**. You referred to the lag between what is being taught and the actual demands of business and industry today. This raises in my mind the question of how good a job is being done in the vocational education area, as that area, it would seem to me, is the most fundamental to trying to keep up with developments in business and industry, and making sure those skills that are being taught are usable skills and not antiquated by the time they are learned.

Dr. **Reed**. What we are getting from the business community along those lines are particular trade areas. They are saying give us the young people with a basic foundation and let us take them OJT, and we will go ahead and finish the training OJT rather than you trying to turn out a finished product that is ready to step into a full-time job. We have gone that route in working with the unions. Our vocational schools' career development centers, we do need to improve them. There is no question about that. They are not up to par, but that is an area we are concentrating on, knowing large numbers of our young people may not go on to higher education and may need to get into the area of making a living.

Another thing that concerns us is that I feel basically everybody should have some area, some second way of making a living, regardless of whether he or she is going to college or not. Nowadays, most of the youngsters, can't afford to go to college unless they have a second job, so we need to give them something to make a living with while they are in school; we are moving in that direction. That is an important area.

Mr. **Davis**. Thank you, Mr. Chairman. That concludes my questions.

The **Chairman**. Counsel for the minority is recognized for the purpose of asking questions.

Mr. **Starkey**. Dr. Reed, it has been suggested by some that because declining enrollment doesn't result in a commensurate decline in per-pupil cost because of the constant cost of maintaining school buildings and salaries and whatnot, that schools should share space with Government agencies or compatible commercial operations in effect leasing unused school space.

My question is, would this interfere, in your opinion, with educational activities, or are there opportunities for expanding educational experience, say, high schoolers being interns in a Government agency that is operating within that school?

Dr. **Reed**. Well, along the lines of leasing buildings, we have recommended to the board closing 22 buildings because of lack of enrollment and building new buildings. We have leased those to private organizations, and we have leased them to different social organizations in the city. I don't see any interference. I think we can work it out so there can be a smooth, harmonious kind of relationship between industry and the schools along the lines of training without interruption to the educational process.

We have done it with a group called Prometheans, a group that is very successful in town, of professional men who have gone out and got industries to adopt schools, and, as they adopt these schools, they take youngsters to their particular agencies for field trips; they come in and give seminars on what it takes to rise to a level of being employed in that company, and that seems to work very well. It becomes a part of the educational process rather than an isolated, added-on entity that could be disruptive. We have had a lot of success with that

Mr. STARKEY. Thank you, Dr. Reed.

VOCATIONAL EDUCATION

The CHAIRMAN. Dr. Reed, some of our research indicates that the District's investment in vocational education is something that tends to be less than that at any other State, and that we tend to get less out of it. Can you comment as to why that is the case?

Dr. REED. I think historically, Mr. Chairman, because you do not have a large amount of industry in Washington, people seem to feel that there is not a great need for training youngsters in certain areas. If you go to Baltimore or Chicago, or St. Louis, where you have a heavy industrialized city, where employment is available upon graduation, then I think you have a greater intensified program for vocational education.

Historically, in this system, it has not been that. As you know, the largest category of employment here is the District Government, and they hire people who have certain kinds of skills, filing, typing, something like that; I think more or less semi-white-collar kinds of jobs. So I think it is what we are living with because of the history of this city.

Although we feel, and I feel personally, you should train young people based on the national job market rather than the local job market, because youngsters who are trained can relocate to work. So you are slightly right about the small amount of money we are now spending in vocational education compared to school systems of comparable size.

The CHAIRMAN. I just have one additional question, which is the question I raised with Ms. Jarvis as well.

FUTURE OF CITY SCHOOL SYSTEM

A number of witnesses, as I indicated earlier, have stated to us it is their belief that if we continued down the road we are going, that the cities of America, including Washington, would end up being cities of young people, senior citizens, minorities and well-to-do people. I would like for you to comment to that from your vantage point in viewing the city as superintendent of education and as a resident, and long-time resident; and, second, comment to that in relationship to what you perceive to be the ramifications for the school system, the future of the schools in Washington.

Dr. REED. Well, I think you are absolutely right, if we keep on the course we are going now, your prediction. But, as I said earlier: so goes the school system, so goes this city. I think the educators have an awesome responsibility to eliminate that credibility gap between the community and the public schools. Once that takes place, and we are producing young people out of the 12th grade who can function at the 12th grade level and can go on to the 13th year if they are desirous of doing that, then we can change that direction that you just mentioned, and we can keep people in the city, because the city is viable, and they know their young people can receive a quality education. I think the school system is the answer to that possible plight; I really do.

ROLE OF FEDERAL GOVERNMENT

The **Chairman**. My last question, then, is what do you perceive to be an appropriate role for the Federal Government to play in enhancing the quality of the education in the District that it is not engaging in at this time or in a limited fashion?

Dr. **Reed**. I think the Federal Government, through its resources, can look at school districts along the lines of their uniqueness and work with the Federal regulations so they will fit some school districts because of their unique problems.

Let me give you an example: comparability for title I, for instance. We are under court order of *Hobson* v. *Hansen* to equalize expenditures in the school district, which almost works diametrically opposed to comparability. Now, as we go to the Office of Education and say, look, you have to look at our other kinds of problems because of this court decree and don't hold us to the strict comparability kind of regulation you hold everybody else—we have been unable to get any consideration with that. I think that would help us do some things that we have not been able to do in the past.

The regulations are supposed to fit everybody, and I understand why, and I know you can't go around and give everybody its own little unique comparability regulation, but we need some consideration. I have talked to Secretary Hufstedler about that along the lines of things that can be done—I think funding some programs along the lines of allowing us to bring in the extra kinds of help.

SECURITY PROBLEMS IN D.C. SCHOOLS

For instance, one of the biggest problems in this city, Mr. Chairman, is security. This school system has no security program. We have 200 schools in the heart of this city, and in so many of them you can step off the sidewalk into the building, and you have nobody inside that building to protect those people against an outside intruder. We had a robbery in a school yesterday that we have no control over, and I think we should look at some kind of moneys that we could use above and beyond the base budget to have a program that will secure the people that we have in our schools.

The police department does not have the manpower and personnel to bring about the kind of security we need for 160,000 children and an employment force of close to 12,000 people. I think the Federal Government should sit down with some local people and talk about the kinds of things that could be done to bring about those kinds of things to make people feel better about schools. Our schools are at the mercy of the thugs and hoodlums in this city.

The **Chairman**. We are at the point, from your testimony, where the schools of this city need that level of security? If that is where it is, then you know we have made a quantum jump in the nature of education or the philosophy of education, or at least the philosophy of the atmosphere of education, because many people state that good education cannot take place in an atmosphere that is being policed, that that contradicts the notions of education. Are we at a point where we have to move beyond that?

Dr. REED. We are at a point we have to deal with realism. We have to be realistic about what is happening in the cities. That philosophy sounds good. But when I have kids being shot in schools by outside intruders and teachers being mauled by outside intruders, and last year we had a young girl 10 years old taken out of the building and raped. I don't have time for that rhetoric. We are talking about bringing in protection for those people. I don't have anybody in my schools equipped and trained to handle somebody who comes in with a weapon. Unfortunately, it has been the responsibility of administrators, but they are not there for the purpose of policing the school, but to be the educational leaders.

What happens is so many of them turn themselves into police-type people rather than educators, and that is one of the reasons we have had a decline in education, because of this syndrome. If he runs a tight ship, he has a good school. Mr. Chairman, you can run a tight ship with no education going on. I am concerned about the fact we have put our people in that posture, from the fact they have to protect the schools.

A person who comes into the school with a gun, only one person I know can deal with that person, and that is a policeman or somebody else trained to deal with it. I am saying we have reached the point where we have to be realistic about what is happening in the cities and, as a result of that, bring to bear upon that problem whatever services are needed.

The CHAIRMAN. Just take the last 5 years; have you seen a significant increase in threats to teachers, to students, crimes against persons, committed on school property, in the schools?

Dr. REED. In this city I have seen a slight decrease, and I will tell you why. I think our drug problems reached a real peak about 4 years ago. Now I seem to see a lessening of hard drugs. We still have the marihuana problems and the cheap wine and beer problems, but the hardcore smack and other kinds of hard drugs, I seem to see a lessening of that. As a result of that decline, which we are very grateful for, I see a lessening of the kinds of attack we were experiencing 4 or 5 years ago.

But we are still at the mercy of those people who are not necessarily dealing in drugs, but just come in to rob people. As I indicated to you, in one of the high schools yesterday, two guys came in with a shotgun and robbed three people late yesterday evening. Fortunately, nobody was there but the staff, and two of the staff members were robbed. They may never catch them. I am saying they come and they go. But there is nobody there to protect the people.

The fire marshals won't let you lock any doors. I have school buildings with 85 and 90 exits to the street, and you cannot lock any of them during the school day; so all of those doors are accessible. We have looked at all kinds of ways of dealing with it, and we finally have a piece of hardware we think will help us in that direction, but you just don't have the right kind of protection. Some school systems have gone into a large expense to hire guards, and they have guards stationed in the schools. I know Pittsburgh and St. Louis have done it, and many other cities. We, at this point, have not reached the point of putting that kind of money into security.

The CHAIRMAN. Are there any additional questions from staff?

Dr. Reed, we would like to thank you very, very much for your presentation and contribution before this committee. If any additional questions occur to us, or we have the need for hard statistics, we would like to submit them to you in writing in the hopes you would respond.

Dr. REED. I would be glad to.

[Dr. Reed's prepared statement and attachments follow:]

PUBLIC SCHOOLS OF THE DISTRICT OF COLUMBIA
OFFICE OF THE SUPERINTENDENT
PRESIDENTIAL BUILDING
415 12TH STREET N.W.
WASHINGTON D.C. 20004

July 22, 1980

Congressman Ronald V. Dellums
Chairman
Committee on the District of Columbia
Room 1310
Longworth House Office Building
Washington, D. C. 20515

Dear Congressman Dellums:

Thank you for providing the District of Columbia Public Schools with a forum to present to your Committee the attached statements relating to education and its role in the urban community. I wholeheartedly endorse your attempt to get at the problems facing urban education and urge you to do all in your power to enact legislation that will prioritize the needs of our nation and accord public education its rightful position in a democratic society.

Sincerely,

Vincent E. Reed
Superintendent of Schools

VER:jdh

Attachments

Permit me to preface the following responses to your questions by saying that the school system has attempted to focus in on some major areas of concern and, of course, only superficially. We would welcome the opportunity to explore in greater depth the needs of urban schools, and we would be very open to providing the Congress with the opportunity to develop a model system right here in the nation's capital.

1. What are the critical problems facing the Washington, D.C. public school system today?

The major problem facing the District of Columbia Public Schools is its level of funding for 1981. The D. C. Public Schools needed at least 278 million dollars to maintain the same level of operations as it did in 1980, but with the budget cutbacks it appears that the maximum that we may expect is 244 million dollars. This level of funding has taken a considerable toll on staff as well as other resources. The school system has had to release teachers that have been in the classroom for up to ten years, and we still have an additional 8 to 10 million dollars to cut. We are frantically looking for ways other than the release of personnel to pare down to our 1981 level of funding, but personnel costs comprise 88% of our total budget. A good 10% of our total school staff will ultimately be impacted by this catastrophic cut in funds. Much of the progress that we have made in the past three years could be very seriously endangered because of the lack of services to our students. It is ironic that when we are just beginning to make a difference in student achievement that this should happen.

The schools of the District, just like the majority of other big city school systems throughout the country, are suffering from an image problem. Because of the focus that the media places on the schools, all that is publicized are the negative happenings; it is conceded we have our shortcomings, but we do in a large number of instances succeed in providing a large number of students with the basic skills to become contributing members of the community. The negative feelings engendered by this image create a number of related problems that in turn become self-fullfilling. If our students think they are receiving an insufficient level of teaching, they in turn will not expend their time and energy needed to learn what is presented to them. In turn, teachers give up because they feel that whatever they do is useless. Such concepts tend to feed upon themselves and cause attitudinal problems that become insurmountable.

Reduced enrollment figures also create critical economic and political problems for the public schools. As the constituency of public education grows smaller, so does its political clout. In turn, since funds are usually appropriated by legislative bodies, the tendency to support other government activities in preference to education becomes more politically appealing.

As the number of students in the public school continues to decrease, so does the funding level. This approach to funding would make sense if in the beginning the level of funding was appropriate to finance the schools; but, don't compensate for inadequate funding in the first place by making it more inadequate. Now, with reduced enrollments, should be the time for us to finally catch up with providing adequate level of educational services, but, instead, we are perpetuating and promoting the decline of free public education in America.

We must look at education as an interest bearing account where for every dollar we put in, we get a rate of return that makes us, as a nation, grow healthier, wealthier and more politically and socially aware of what the fulfillments of the democratic process holds for its practioners.

2. Several witnesses have suggested that the high unemployment problem of minorities and teenagers can be addressed through an effort to directly link occupational education and training programs to the market. Is the D. C. public school system attempting to make this link between education and the labor market?

I certainly agree that a direct linkage between occupational education and the training program to the labor market would have a positive effect in reducing the large number of unemployed minorities and teenagers in urban areas. It should be the concern of all vested interest groups to reduce the rate of unemployment among our youth. The schools should be joined in a partnership made up of unions, industrial and commerical enterprises, other government agencies and any other vested interest group to work cooperatively in facilitating the transition of our youth from the world of education to the world of work. Such concentrated cooperative use of resources would distribute the cost of preparing individuals for work over a wider range of vested interest groups. Employers have facilities that could in many instances be utilized in the vocational training programs. This would free the school system from trying to duplicate educational settings which in many instances are antiquated and unfunctional in favor of actual work settings. Employers would be able to tailor train individuals and in return accrue all the pluses that come about because of the quality of employee they will employ. Additionally, it is only fair that employers begin to share the cost of the benefits they have been reaping over the years. Since schools train students at public expense so that employers may utilize individuals who can read and write and perform tasks which enhance the benefits for that enterprise, it is only fitting that all vested interest group should work together.

In the District of Columbia, we have a number of vocational education training programs that are developing those linkages between the school system and the labor market.

At the junior high school level, work experience is available to introduce students to the demands of the labor market. Such experiences are used to make students aware of the jobs in the local labor market and to help them make career choices. These experiences come at a time when the educator and the employer could be mutually supportive of the student.

At the high school level, experiences in the labor market are an integral part of the student's education. For jobs in areas such as business education, health occupations and others where the tools of the trade are changing much faster than the schools can acquire them, it is critical that students have training experiences in the labor market. Linkage arrangements here may be used to decrease emmployers costs for training and re-training of staff.

We are aware of the benefits of linkage arrangements with business, industry and labor and, where possible, have worked to make such arrangements beneficial for our students.

The majority of our occupational training programs are within our Division of Career Development Programs. Primarily, through the support of advisory council personnel, linkage arrangements have served to stimulate the creation of new programs, increased services to students and provide opportunities that facilitate the placement of students in both training and permanent employment situations.

One of our more innovative programs involves students in the renovation of sub-standard housing in the city. A linkage arrangement with the Washington Board of Realtors has enabled the schools to secure work sites, equipment and materials. Students upon graduation, are assisted in obtaining full-time employment in the construction industry. Our Experience-Based Career Education Program allows students to combine classroom study with experience in career settings as preparation for future jobs and careers. The placement rate of graduates of this program is excellent.

I must mention, however, that the unemployment of minorities and teenagers cannot be fully addressed by linkage arrangements. Advanced technology has eliminated many jobs which young persons once held. Concurrently, older persons are permitted to hold jobs much longer. This, in some instances keeps the young person out of the labor market. There are other factors which will be mentioned during this hearing.

3. We are enclosing some articles from the Cincinnati Post that indicate that regardless of the socio-economic background of children that urban education can succeed in teaching them the basics. Are there illustrations of this kind of success in Washington, D. C.?

My answer to question number three is an unqualified "yes". I very strongly believe that urban education not only can but unquestionably must be able to succeed in teaching all children the basics regardless of their socio-economic background. The myth that because you're poor, it follows that you can't learn, is a tenet proposed by those that seek to foresake the millions of poor and minority students of our country. A mind, is a mind, is a mind. Irrespective of the physical location of a student, the basic capacities for learning is there. The potential for mastery of the basic educational competencies reside within each individual and each individual has a potential peculiar to his being. It is the actualization of this potential that may vary from community to community. The environment of the individual can either promote or hinder the function of actualizing his potential. An urban poor child in the beginning has the same basic innate relative potential as a child found in whatever setting you wish to describe (rural, suburban, etc.). The development of that child will to a great degree depend initially upon the family, since the family is the primary source for transmitting the value of culture and later, in formal setting, the public schools. In many instances, major blocks of learning have taken place before the child enters school. When the public schools take over the formal education of a child, the schools must be able to adequately identify and diagnose what levels of mastery have occurred and determine what prescriptive offerings should be presented for mastery by the student so that they will develop step by step the identified basic competence that will prepare them to become contributing members to the welfare of the community.

The urban schools must have a well organized curriculum offering that is geared to take the student from where he/she is to where the goals of the community dictate he/she should be. Once the school system knows what to teach, then it must have an adequate delivery system that will in the vast majority of instances provide a graduating student with those saleable skills that will make him a functional person in the total society.

The D. C. Public Schools over the past three years has endeavored to develop a curriculum offering that has the capacity to provide the student with those basic competencies needed to succeed. Additionally, we have undertaken to develop a delivery system that will reach each student at his level of competency and move him through the prescribed educational program. To give you some insight into our Competency-Based Curriculum, I am submitting for your information several articles. It appears that we have been able to halt the decline in test scores in the District of Columbia Public Schools and we are turning the system around. We have moved our students' test scores on the Comprehensive Test of Basic Skills closer to the national norm. We are also submitting for your information articles from the Washington Post which speaks to our progress. We hope we will be able to sustain this pattern of improvement, but with the drastic cut in the budget we may be hard pressed to meet our expectations.

4. If you were able to dream about the ideal urban public school system how would that system work, what would be its character and goals?

Let us look at question number 4 from several prospectives: funding, management, supportive services, staffing (professional & auxiliary), facilities, curriculum, student participation, local, state and federal government and the role of other publics.

The funding of public education in urban systems should be based on educational need and not political or economic determinators. Each individual should be able to receive an educational offering commensurate with his/her educational needs, from pre-k on through higher education, both academic and technical. I continue to emphasize that education funds are a public investment in the future of our country. I know it's not necessary to again point out that to support an individual in a penal institution costs some $54,000 a year while the per pupil cost in our public schools averages $2,200 per year. Everyone knows the facts as they relate to the learning power, tax payments, welfare savings, etc. that accrue to a community when its members are well educated; but still political encumbents continue to close their eyes to the common sense approach of putting the funds in at the beginning of an individual's development so that down the road the society isn't overburdened with the cost of past years neglect. The American people must come to the realization that urban America is an integral part of the United States of America and can't be factored out as a separate unrelated land mass. All Americans have a vested interest in our country and what happens to the least part of it happens to all of it.

Once we base the funding of the school system on educational need, then we can begin to manage the educational institution on the basis of identified educational needs of not only the local community but also of the total nation. We can begin to develop those linkages between the world of work and the schools based on the realistic needs of the community and the nation and relate them to the natural resources (the youth of our nation) so that we can prepare them for their right to share in the abundance of this nation. The management of the school system will tie in with the total resources of the community and thereby enable us to utilize in a more effective manner the dollar allocation needed to meet the educational need of each student.

The staffing patterns of both the administrative and classroom instructional program could be altered so that new patterns of educational delivery could take place. Instead of one teacher in from of a group of 30 or 40 students directing the educational program and limited by his/her finite capacity to be everything to everybody, we could develop teams of instruction with teachers acting as diagnosticians and proposing prescriptive remedies with para-professional staff doing much of the non-professional operation. The use of such a team should reduce the per pupil cost of education and deliver a more tailor-made educational program to the student.

School facilities could be efficiently utilized by the community, and the community should be willing to provide for students the total community as a classroom. Students should not be circumscribed by the four walls of a building. The individualized instructional program, as I envision it, would dramatically limit the use of school buildings in the educational program. The community in turn could in many instances make use of school buildings for numerous other purposes.

Curriclum offerings should be prescribed on the basis of each individual's educational need. Each student should have an educational assessment made of his needs. In turn the subject matter offerings should be tailored to compensate for needed reinforcement and to promote the progressive development of the mastery of basic competencies needed to succeed in his/her field of endeavor.

The student should play a more active role in the educational process. As we have already seen, students teaching students can be a most effective way of providing educational service to students. Not only does peer teaching impart competencies to other students, but it reinforces the competencies of the student who is doing the teaching. Additionally, if we are true to the concept of a democratic society, then more opportunities must be made available for students to actively participate in the democratic process. Instead of doing lip service to the inherent principles of such a society, we need to practice what we preach.

The total local, state and federal governments have a role to play in the educational development of the student. Schools should not be set aside as entities unto themselves but must be drawn into an active partnership in a cooperative investment in the future of the community. This holds true not only for the governmental aspect of our society but also for all the other vested interest groups that make up our country. They should all share in the investment since they'll all be sharing in the interest that will be paid to everyone in the long run.

[The following news and other articles were furnished to the committee by Dr. Reed:]

[From the Washington Star, July 9, 1980]

D.C. Pupils Show Gain in Tests

(By Charles McCollum)

District public school students in the third, sixth and ninth grades showed improvement over previous years on mathematics and reading tests given in May, but their scores still fell below national levels.

According to a report issued yesterday by School Superintendent Vincent E. Reed, the biggest gap between national norms and District scores is at the ninth grade level. The national norm for both mathematics and reading is 9.8. District ninth-graders scored 7.3 in reading and 7 in math.

The test results are expressed in what are called Grade Equivalent units which put the findings in terms of grade level and the month of the school year. That means District ninth-graders are reading at a level of seventh grade plus three months while the nation's ninth-grade students as a whole are reading at level of the ninth grade plus eight months—or almost a 10th grade level.

The tests—which were first given in 1978—also show that the city's third-graders scored 3.3 in reading compared to a national norm of 3.8. At the sixth-grade level, District pupils scored 5.8 in reading compared to 6.8, and 6.5 in math compared to 6.8.

Third-grade scores in reading have improved from 3 in 1978 to 3.2 in 1979 to 3.3 this year. Sixth-grade reading scores have gone from 5.1 in 1978 to 5.8 and the ninth-grade scores from 6.8 to 7.3.

The mathematics scores have shown similar improvement. The third-grade results have gone from 3.4 to 3.6 to 3.7, while the sixth-grade scores have risen from 5.8 to 6.3 to 6.5.

Only among ninth-graders has there been no improvement in basic math skills. After going from 6.7 to 7 between 1978 and 1979, the level of achievement stayed at 7 this last school year—in large measure, notes the report, because of problems in math application.

School officials had hoped for a more dramatic improvement in the test scores. They had set citywide targets for improving scores in both reading and math at all three grade levels but only in math in the third and sixth grades were the target levels reached.

Officials had hoped, for example, to boost reading scores among ninth-graders to at least the eighth-grade level, but the test results actually showed no improvement from 1979, when the students scored at the seventh-grade level.

But, as Reed noted in a letter to the board, "Student achievement scores in spring 1980 continue to show improvement over previous years."

Reed and other school officials take the test results very seriously, seeing them as a reflection of the success of the city's new competency-based curriculum (CBC). The improvement in test scores seems to indicate the new approach, which was phased in beginning in the 1978–79 school year, has been at least partly successful.

In his letter, Reed noted that—in some subtests—District students scored at or above national levels. In math, for example, third-graders scored at the national level in concepts and sixth-graders scored above the norm in computation.

[From the Washington Post, July 9, 1980]

Pupil Test Scores in D.C. Improve 2d Straight Year

(By Lawrence Feinberg)

Average reading and mathematics test scores in Washington's public schools improved in 1980 for the second year in a row, following a decade of declining or stagnant achievement.

The year-to-year gains were slight, and most students entering District high schools remained far below the national norms on the standardized tests. But Supt. Vincent E. Reed said he was encouraged by the change in direction.

"I'm not really satisfied," Reed said. "But I'm glad we're moving now in the right direction. We still have a way to go to get to the national norms, but we're moving."

Reed said the gains were a "payoff" from the system's new competency based curriculum, a step-by-step program to teach specific skills, which Reed promoted. He also praised the hard work of students, teachers and administrators.

According to the new report, third graders in the school system were just one month behind the national norm in mathematics and five months behind in reading.

In the spring of 1978, before the upswing began, D.C. third graders were four months behind the norm in math and eight months behind in reading.

The sixth grade showed similar improvements, gaining an average of five months in both subjects in 1979 and another two months in 1980. The D.C. average for sixth-grade mathematics this spring was three months behind the national norm and one year behind the norm for reading.

For ninth graders, there was a three-month improvement this year in reading scores, but no change in math, following slight gains in both subjects in 1979. The scores remained very low, with District students near the end of ninth grade placing at the same level in math as students starting seventh grade across the nation. In reading, the ninth graders were a little better, placing at the same level as students nationwide who were three months into their seventh grade year.

Looking at the ninth-graders figures another way, the District ninth grade is still 3 years behind the national average in math and nearly 2½ years behind in reading.

DC SCHOOL TEST SCORES

	1973	1978	1979	1980	NATIONAL NORM
THIRD GRADE					
READING	3.0	3.0	3.2	3.3	3.8
MATH	3.4	3.4	3.6	3.7	3.8
SIXTH GRADE					
READING	5.1	5.1	5.6	5.8	6.8
MATH	5.5	5.8	6.3	6.5	6.8
NINTH GRADE					
READING	6.4	6.8	7.0	7.3	9.8
MATH	6.6	6.7	7.0	7.0	9.8

NOTE:All scores are given for the Comprehensive Test of Basic Skills, taken by Washington students in May of each year. Scores are expressed in grade-equivalents.

The national grade-level norms are based on the scores of a representative national sample of about 130,000 students tested in 1973, and have not been revised since then. Thus, the scores do not reflect changes around the country since 1973, although they do provide a consistent measure of achievement in Washington. The scores are based on a 10-month school year.

The results released yesterday are from tests given in early May to all D.C. students in the third, sixth and ninth grades. The multiple-choice exam, called the Comprehensive Test of Basic Skills, was published by the California Testing Bureau, a division of McGraw-Hill Inc. It took about three hours to complete the tests.

In an interview, Judy Shoemaker, director of the test study group at the National Institute of Education, noted that the gains reported by Washington schools are still relatively small and should be interpreted cautiously. But she added: "Things look like they are getting better. It looks like they are beginning to catch up every year. . . . The deficit in some areas is still pretty alarming. The math [score] in ninth grade is horrible. But at least the gap is decreasing, and that's a reason for the D.C. schools to feel good."

Several other big-city school systems throughout the country, including those in Newark, New Orleans and Detroit, also have shown gains in reading and math in the past two years, after slipping badly since the mid-1960's.

Jeanne S. Chall, a professor of education at Harvard, said that nationwide the improvement has been greatest in the early elementary grades, as it was in the District.

"There's been a real concentrated effort," she said, "and it's beginning to pay off. There's 'Sesame Street' on television. The children are being taught earlier [with Head Start and other prekindergarten classes.] And the schools are doing much heavier teaching of phonics in early grades."

Chall said it is more difficult to raise the scores in junior and senior high schools because their programs no longer concentrate on concrete skills and facts, and questions on standardized tests require more analytical ability.

"There may be some tendency [in the District] toward rote teaching [memorizing]," said D.C. Associate Superintendent James T. Guines, "and not enough concentration in mathematics to applying concepts to different situations. We'll have to work on that some more."

But Guines said the competency-based curriculum, which provides detailed lessons for reading, grammar, math and science from kindergarten through 12th grade, probably helped improve achievement by giving teachers a clear idea of what they are supposed to do. In each subject, children are supposed to move ahead to a new skill only after passing a test showing they have mastered the earlier skills.

After three years of development, Guines said, the curriculum was used for the first time in all the D.C. schools last year.

"Everybody out there knew what to do," he said, "as opposed to everybody out there shooting from the hip. It's a big difference, I think, and it's paying off."

Reed, who became superintendent in late 1975, said the higher test scores may also reflect his efforts to make students more serious about their studies by giving trophies and prizes for good attendance and high grades as well as for athletics.

At Reed's urging, the D.C. school board also has adopted a checklist of "critical skills" that all students will have to master before they can be promoted to the next semester's work. The plan will go into effect next fall in the first through third grades.

Even though the school system is facing major budget cuts—including teacher layoffs—for next year, Reed said he believed the competency-based curriculum could still be followed.

"The classes will be bigger, and we'll all have to work harder," Reed said, "but we'll try to do it."

Reed said a detailed report, showing test scores for each elementary and junior high school in the city, will be issued in about two weeks.

"It's very important to see how the individual schools are doing," Reed said. "Publishing the school-by-school results improves motivation. We've tried to create a competitive kind of atmosphere."

[From the Washington Post, July 10, 1980]

D.C. Schools on the Rebound

Because bad raps and stereotypes tend to linger long beyond any basis they may have had in fact, the latest news from the District of Columbia's public schools should be shouted from the rooftops: *the city's schools are showing signs of scholastic improvement,* with reading and mathematics test scores on the increase for the second year in a row. Yes, we all know that two years isn't enough to retire the cup. Still, the progress is significant and encouraging, and tremendous credit goes to Superintendent Vincent E. Reed—who has been the driving force behind this progress.

Dr. Reed is among the first to note that the schools still have a long way to go, since average test scores remain below national norms. But after a decade of declining or stagnant achievement, a two-year upswing has put the city's third-graders just one month behind the national norm in math and five months behind in reading; in 1978, they were four months behind in math and eight months behind in reading. Sixth-grade scores gained an average of five months in both subjects from 1978 to 1979 and another two months by May of this year. This leaves these test scores three months behind national norms in math and one year back in readings.

News from the ninth grade is worse: after slight gains in both reading and math in 1979, there was a three-month improvement in reading scores this year, but no change in math—and these scores are all distressingly low. It means that the District's ninth grade is still 3 years behind the national average in math and nearly 2½ years behind in reading. Greater emphasis on these higher grade levels clearly is in order; it is not enough to celebrate improvements of younger children while continuing to let the teenagers who are next to go into the working world do so at terrible disadvantages they don't deserve.

That there have been similar patterns of test-score improvements in other big-city systems does not diminish the story here. Some of this general progress may be due to nationwide educational efforts—Sesame Street, Head Start and so forth; but more interesting is the fact that many of these other school systems have done what Dr. Reed has done here: put the emphasis on basic reading and math—the good old phonics and numbers—in a "competency-based curriculum" that serves as monitor and guide for teachers. The teachers, by the way, have not been undermining this program; not only did their union endorse it three years ago, but teachers were involved directly in its planning, as were principals.

This renewed education to the teaching of fundamental skills, coupled with more efficient operations and a more disciplined atmosphere, has made a difference. But there are plenty of gray clouds: sudden and severe budget cuts, however justified, are causing disruption and low morale among principals, teachers and their dwindling constituency—and the resurgence of bush-league behavior on the school board is infuriating even the most die-hard defenders of suffrage at all costs. So far, Superintendent Reed has weathered it all with amazing patience and dedication. For now, hope of any more improvements depends on keeping in public education here the "fourth R"—which stands for Reed.

[From the Washington Star, July 10, 1980]

A BETTER REPORT CARD

Not all the news about District schools is dismal. A new report suggests that more city school-children are better able to read and reckon than they were a year ago, with younger students making the most progress. Third graders in the past year have advanced to within a few months of the national norm in reading—and approach it in math. (In two math sub-categories, they exceeded the norm.)

Even so, the one-year gains are not very large—the skeptical might say that things have gone from worse to bad. In the upper grades, the gains mean even less—and improvement of several months means far less progress for ninth-graders than it does for third-graders. District ninth-graders are still nearly three years behind the national norm in math.

The more hopeful view, however, is that city schools have had their worst day and are rebounding. Sixth-graders who, in 1975, were reading nearly two years behind the norm are now one year back. Similarly, ninth graders who were reading 3.4 years behind the norm in 1975 and now 2.5 years back. And the city administration has bravely made the national norm—not a big-city norm—the basis of comparison.

Why the turnaround? Much of the credit goes to the "competency-based curriculum," which last year was applied in all district schools for the first time. The idea behind the curriculum is elementary—to emphasize academic subjects and regularly test pupils on their mastery. It has been the approach of Superintendent Vincent E. Reed to concentrate on traditional skills—and to promote uniformity in teaching, textbooks and subject matter.

The city's average scores are, to be sure, only part of the story. the increases are likely to vary greatly from school to school, reflecting different conditions in city neighborhoods. Mr. Reed is aware that some schools are encouraged by the results to do better and work harder while others are not. And it is hard not to be discouraged by the continuing lag in the upper grades. How far behind will these District students be when, in three years, they leave high school?

So the statistics are also frustrating. Even as they show progress, they bespeak the need for stricter requirements, such as additional credits now required in high school; and more innovation, such as Mr. Reed's "model high school" proposal, which was foolishly rejected by the D.C. school board.

When the board turned down the model school, it worried that such an institution would in some way be "elitist"—as if it were elitist to excel in school. Opponents of the plan seemed to forget that if a model school could work in one location, it conceivably could do so in two—and more; that it might help students most able to benefit while serving as a model for all schools.

The school board can, of course, change its mind on this and other matters. We can imagine no better incentive than this latest round of test scores.

Journal of Personalized Instruction

THE COMPETENCY-BASED CURRICULUM OF THE DISTRICT OF COLUMBIA PUBLIC SCHOOL SYSTEM

Washington, D.C. public schools have taken a major step in instructional innovation: the implementation of a comprehensive, systemwide program involving competency-based instruction and testing.

Special Section begins on page 197

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SPECIAL SECTION

The Competency-Based Curriculum

THOMAS J. WERNER
Special Section Editor

THE District of Columbia Public Schools have taken a major step in instructional innovation. In the past, many developments in instruction have resulted mainly from the initiative of individual instructors; this has certainly been the case in personalized instruction. Changes in instruction and the consequent benefits have been limited to the single classroom. Often only tolerance has been requested or expected from administrations or central organizing agents. However the District of Columbia schools have now initiated and implemented a comprehensive, systemwide program involving competency-based instruction and testing. Commitment to the program is total; by 1981 implementation throughout the entire system will be completed.

Several individuals within the school system have been asked to contribute papers addressing various aspects of the program. Some of the articles refer to its goals and philosophy. Some refer to the specifics of new program development, implementation, and validation. A final paper examines the new Competency-Based Curriculum (CBC) in the broader perspective of instructional innovation. If the articles, taken as a whole, suggest common themes to the reader, they may be these: 1) Systemwide competency-based instruction is the natural evolution of experimentation and discussion in innovative instruction during the last 20 years. 2) Competency-based *instruction* beginning in the earliest grades is far more logical then competency-based *testing* in the highest grades.

The first article describes historical and sociological aspects of education in the District of Columbia. Superintendent Reed shows the significance of instructional improvement by noting the relationship between a city school system and the city itself; the success and effectiveness of one is intimately tied to that of the other. Reed emphasizes a key theme in CBC: testing is useful if it is systematically related to effective instruction.

In the second article, Associate Superintendent Guines discusses the complex organizational developments which have made implementation of the new program possible. The formation of special teams, development and piloting of new curriculum materials, extensive information dissemination and staff development, and systematic management have been required by the tremendous scope of the project. A point of particular interest for instructional developers at all levels is Guines' emphasis on establishing lines of communication and commitment with all individuals and groups involved prior to actual implementation.

Ford, Harbeck, Lewis, Stephens, Turner, and White describe in detail the theoretical foundation of the curriculum, as well as the strategies involved in specifying competencies and organizing and structuring curriculum development. The individual elements of the curriculum and the means of assessment within the program are discussed.

Program implementation on such a large scale requires careful planning and organization. Aaronson, Burnett, Gullattee, Simons, White, and Wood discuss this aspect of the program; they describe how information dissemination and staff development have been conducted throughout all levels of the system. They also explain the system by which these activities and program implementation in general have been managed.

The author is Research Associate, Center for Personalized Instruction, Georgetown University, Washington, D.C. 20057.

A central idea in the program is that materials and activities related to the curriculum are evaluated and revised based upon student performance. Cooper explains in detail the validation model of the program. Validation efforts have already provided information about the validity of the new curriculum. Cooper discusses the conclusions which can be made about the effectiveness of the program thus far.

In the final article, Werner and Ruskin discuss the effect of this new program on the field of instructional innovation. In light of such large-scale development, many of the differences separating individual instructional methodologies seem inconsequential. The emergence of this new program should signal the use of more generalizable models of analysis, permitting study of a broader range of instructional systems and situations.

There are a number of people to whom gratitude should be expressed for their participation in the production of this section. Joan W. Brown, by her leadership and organization, contributed immeasurably to the section, as she also has to the special relationship between District of Columbia Schools and Georgetown University. Madlyn W. Calbert, with editorial expertise, coordinated the gathering and relating of materials presented in the section. Ronald M. Lazar provided advice and assistance throughout the development of the section; his judgment and support have been greatly valued and appreciated.

Both the District of Columbia Public School System and Georgetown University wish to thank the Eugene and Agnes E. Meyer Foundation and the Philip L. Graham Fund for their support of this joint activity toward educational improvement.

An introduction to the Competency-Based Curriculum

VINCENT E. REED

THIS SPECIAL ISSUE of the *Journal of Personalized Instruction* affords the District of Columbia School System the valued opportunity to share with others its experiences with the Competency-Based Curriculum (CBC). The articles which follow describe the development of an educational program designed to meet the varied challenges of a large urban school system, and they give the reader a view of the activities engaged in by students, teachers, administrators, and parents in their search for quality education for all students in the public schools of Washington, D.C.

The school desegregation decision of 1954 has perhaps affected our schools in a unique way, for today, 93% of the nearly 130,000 students enrolled in the public schools of the District of Columbia are black, and it is not possible to entertain the idea of effecting racial balance when there are no neighboring districts from which to draw students of different ethnic backgrounds. In addition, the population served by the system is largely poor, as determined by the Office of Education, ESEA Title I guidelines. Given the unique historical and sociological make-up of Washington, our schools offer a challenging laboratory for work toward educational excellence.

This challenge was recognized and accepted as I assumed the position of Acting Superintendent of Schools in October 1975. Specific goals set to increase the possibility of providing students a high-quality education became a part of the system's mission of excellence, efficiency, and effectiveness.

Specifically, the mission led to the establishment of these four major goals: 1) To promote academic excellence for the attainment of knowledge, competencies, and skills. 2) To ensure the active participation of all components of the District of Columbia in the implementation of a systemwide competency-based curriculum. 3) To develop a systematic plan for the continuous assessment and evaluation of educational needs and achievement. 4) To make significant improvements in the level of service and the efficiency of operations in the major support areas of management services and to maintain those levels of support services necessary to the mission of the school system.

The progress which has been made toward these goals is reflected in the following articles which define clearly our concept of a competency-based curriculum. This concept has as a basic assumption the belief that *all* children *can* learn and that the best possible program is one that insures that they *do* learn. This commitment to students spans all grades and groups, pre-kindergarten through twelfth grade, as well as adult and special education.

In early planning, we made the choice between competency-based testing and a competency-based curriculum, preferring the latter and departing therefore from the pattern established in more than 30 states which have either passed legislation or taken school board policy positions endorsing competency-based testing. These programs seem to place emphasis on simply measuring the outcomes of schooling rather than on improving the process of education. Many states have had difficulty in defining levels of acceptable performance and in dealing with students who do not meet them. The D.C. system, in keeping with its philosophy, has elected to focus on the procedures for effective instruction, employing tests as an integral part of the instructional program to effect improved teaching and learning.

CBC has been a process of developing both people and products. Staff development services have been provided to more individuals in the last three years than ever before in the history of the D.C. schools. Our staff are extremely well trained in the technology of CBC. We have reached hundreds of administrators, thousands of teachers, and many parents. It is our belief that the psychology and philosophy of CBC must be shared with all members of our community. We have even developed a television course which has now been approved for graduate credit at all area universities. These efforts are beginning to bear fruit as we see administrators, teachers, and parents focusing intelligently on the instructional needs of the children of the District. With respect to products, during the three-year period we have developed curriculum materials in the priority areas of reading, mathematics, English/language arts, and science. In the second half of the 1978-79 school year we will begin curriculum development activities in all other subject areas for classroom use in September 1979. As the reader will learn, curriculum development in CBC does not end with materials production but rather includes a validation process designed to measure and increase the effectiveness of the materials. In addition we have developed a testing program, utilizing both norm-referenced and criterion-referenced tests aimed at measuring and maximizing the effectiveness of instruction. The norm-referenced tests help to identify the strengths and weaknesses of the entire system and report the results of the program to the community. The criterion-referenced tests help to focus instruction on each child. They also provide information to the parent about a child's progress with respect to the curriculum. We feel that the D.C. school system's testing program is unique in its appropriate use and coordination of a variety of testing procedures. Such feedback and involvement between parents and teachers is essential in maintaining the strong teacher-parent relationship necessary for successful education in a community.

A final comment is in order. Children in school systems in America (and perhaps the world) experience schooling which is less than effective. It is difficult, however, to discover why education does not succeed. A search for the causes of such failure is complicated, involving the teacher, principal, school system, community, and others. Parents as concerned consumers and taxpayers are becoming understandably frustrated by the necessity of footing the bill for a process which does not produce acceptable student performance levels. Ineffective education is not like a flawed product which can be rejected and its cost refunded. Effective education is a necessity in establishing a quality of life

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The author is Superintendent of Schools for the District of Columbia, 415 12th Street, N.W., Washington, D.C. 20004.

which is personally fulfilling. A good education is a necessity in a highly complex and technological society. In the District of Columbia we believe that what students and teachers do in our schools can and will affect the quality of their lives. Toward that end, a modern educational system must be based on a high level of performance and commitment by all elements within the system. Such a system permits and demands accountability, starting with the board of education and the superintendent, continuing through every central and regional administrator, teacher and student, and finally to the community at large. It is our hope and belief that the CBC approach will eventually be recognized not only as a viable strategy for revitalizing urban public education, but also as a means of addressing and answering the unique, individual needs of all children.

The District of Columbia Public School System addresses accountability through a competency-based curriculum

JAMES T. GUINES

THE DEVELOPMENT of a competency-based curriculum (CBC) in the public schools of the District of Columbia represents the culmination of several educational experiments and extensive systemwide planning and organization. The purpose of this paper is to describe the past efforts to improve public education in the District, the difficulties encountered, and the resulting steps taken toward the adoption and implementation of a CBC.

In 1969, the Amidon Plan, hailed as a sound method for educating large populations of children in urban areas, was ruled illegal by the courts. The plan had become a means of merely *tracking* students in lock-step courses of study which neither challenged nor motivated them. Following the court case, the Board of Education of the District of Columbia, led by Acting Superintendent Benjamin Henley, directed the school system to individualize instruction for every child. This landmark directive defined a target toward which the school system has been continually striving. As the reader will see in this issue, this commitment to individualization is the heart of CBC.

In 1970, Dr. Kenneth Clark's educational model, "The Academic Achievement Plan," was approved by the Board of Education. The Academic Achievement Plan and CBC share several common features. This is not surprising; the philosophy of individualization provides a broad framework from which more than one specific educational method can be built. During this period, standardized testing procedures were implemented for reading and mathematics throughout the system. In fact, by 1972, the D.C. public schools were recognized as the first to have completely developed criterion-referenced tests for reading and mathematics for grades 1-9. This step toward criterion-referenced testing was one of the major antecedents of CBC. In retrospect, without this prior extensive development in testing, CBC would have been considerably delayed in both the formulation of its competency-based philosophy and in the implementation of the necessary testing and validating procedures.

Much can be learned from the eventual failure of the well-intentioned Clark Plan. Problems were numerous, although many were unrelated to the merits of the plan itself. The most basic and damaging fault in the implementation of the plan was the failure of Clark Plan leaders to involve the supervisors, administrators, and teachers' union representatives who must, of necessity, provide leadership in the implementation of *any* educational design. In addition, students, parents, and other concerned members of the community were not consulted about or even presented with the goals of the plan. The failure of the plan made it obvious that merely implementing any particular educational program, no matter how well founded theoretically, is not sufficient. For any innovation to be successful, each and every individual involved must be drawn into both an understanding of and a commitment to the program. This lesson has never been forgotten in the D.C. public schools. As the reader will see in other articles in this issue, securing the commitment of the many groups involved in the public schools has been central in the CBC movement.

In 1973, Superintendent Barbara Sizemore provided a system to more effectively involve individuals at every level of the school system by decentralizing the educational organization. Each of the six regions of the school system was to be responsible for designing its own program, within the system's overall educational objectives and goals. This system did result in closer involvement among teachers, administrators, students, and parents. However, the difficulty with this method of organization was that the regions did not have sufficient management capability to carry out their educational plans. The individual regions simply did not have enough resources to meet their needs. The result was that the system managed to become more responsive and better able to listen to the needs of the clients served, but lost the means to provide the required services. This has been another lesson learned and remembered.

In October 1975, Vincent Reed was appointed Acting Superintendent. Reed made a commitment to the implementation of effective instructional practices systemwide, competent organization and management of the school system, and increased effort to produce awareness and commitment on the part of all those involved at the various levels of the system. As Acting Superintendent, Reed was faced with a basic decision to

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The author is Associate Superintendent, Office of Instructional Program Development and Services, District of Columbia Public Schools, 415 12th Street, N.W., Washington, D.C. 20004.

choose between the testing and measuring of competencies expected of students at various grade levels (competency-based testing) and the curricular approach toward the acquisition of competencies in which the instructional technology necessary to raise levels of tested achievement is emphasized (competency-based curricula). After careful consideration, the D.C. schools chose the latter and decided to implement the Competency-Based Curriculum (CBC).

Reed and the D.C. Board of Education jointly initiated a Curriculum Advisory Committee charged with the design of a comprehensive educational program for *all* children within the school system, including special and vocational students. This committee involved the Washington Teachers Union, the Council of School Officers, school system supervisory personnel, and concerned community members. The purpose of the committee was to develop appropriate educational goals to provide a focus and unification for all elements of the system in the effort toward educational improvement. In April 1976, after extensive research and discussion, the committee presented Reed a report entitled "The Design for a Pre-Kindergarten through 12th Grade Competency-Based Curriculum." This document, describing sequences of skills or behavioral tasks along the pre-kindergarten-through-12th-grade continuum in 14 subject areas, became the basis for all further curriculum development efforts.

The Office of the Associate Superintendent of Instruction was charged with providing leadership in the development of a full curriculum based on the 1976 committee document and managing its implementation. A Competency-Based Curriculum Coordinating Team, headed by Joan Brown of the Office of Instruction, was created to plan, manage, and assist in the actual implementation of CBC. A key theme in the operation of the Coordinating Team was to include and involve all relevant parties in a variety of capacities. Shortly thereafter the Instructional Support Team was initiated and charged primarily with providing support in the classroom to practicing teachers and maintaining the integrity of the various disciplines in the school system during the transitional period. The year 1976-1977 was declared a Year of Awareness. The purpose of the Year of Awareness was to obtain professional commitment from all levels within the system with respect to the theory and practices of CBC. A professional library was established, research literature on CBC and related methods was distributed, speakers and consultants were invited, workshops were held, and every effort was made to elicit the commitment of all involved members.

The Future

After the Year of Awareness, teacher training and curriculum development began. Both of these endeavors began simultaneously and without strife, indicating the wisdom of developing systemwide commitment before implementation. The first sets of curriculum materials were used in the classrooms of 29 pilot schools in the 1977-1978 school year. These schools field-tested the curriculum materials in the priority areas of reading, mathematics, English/language arts, and science. The follow-up evaluation of the initial implementation was performed by the California Testing Bureau of McGraw-Hill, which had developed the first commercial public school criterion-referenced tests in reading and mathematics in the country in 1970-1972 with the D.C. Public School System. The validation of the English/language arts and science curriculum materials was performed by the Division of Research and Evaluation of the D.C. Public Schools. These efforts represented the first rigorous validation of the new CBC materials.

The present school year (1978-1979) is considered to be the first year of actual implementation of CBC in the D.C. public schools. However, implementation will not be the only thrust of the CBC movement during the year. Additional action in other areas will occur to insure the maintenance and continuity of the program throughout the system over the ensuing years. There will be continued development of curriculum materials in the primary subject areas. An additional 30 schools (prototype schools) will utilize the curriculum materials which have been developed and validated in the original pilot schools. The Curriculum Coordinating Team will direct the process of implementing the instruction specified in the curriculum materials in the classrooms of both pilot and prototype schools. Testing and assessment will provide continuous feedback as to the actual student attainment of objectives. One thousand or more teachers will be involved this year in this process of utilizing a totally new curriculum to improve classroom teaching and increase student learning. The Division of Research and Evaluation and the California Testing Bureau will continue their efforts in the validation procedure. It is our belief that this ongoing combination of development, implementation, and validation is the most realistic method of producing a new curriculum and obtaining unified professional and community involvement.

Although we feel that significant achievements have been made thus far, we do not look upon CBC as a finished or perfected program. The preparation of relevant instructional materials, successful classroom implementation, and validation are dynamic, never-ending processes. A system which is allowed to stagnate cannot truly be called "competency-based" or "individualized." With the ever-growing support of all segments of the educational community, CBC will continue to be an exciting, expanding movement, committed to the uplifting of the expectations, products and standards of public education in the District of Columbia.

We have been extremely fortunate in the faith and support of several local foundations and organizations who are interested in the future of District of Columbia youth and the quality of their education. The availability of informational vehicles such as the *Journal of Personalized Instruction* is both needed and appreciated in permitting the exchange of ideas and methodologies among educational professionals. It is our hope to continue to contribute to and benefit from that exchange.

The design and development of the Competency-Based Curriculum

VALERIA A. FORD, MARY B. HARBECK, ETHEL M. LEWIS
DOROTHY C. STEPHENS, HELEN W. TURNER, AND
MARY E. WHITE

CBC has been designed as a totally new program, rather than as a revision or adaptation of an existing program or package. Curriculum development for the CBC program began by focusing on the identification of skills areas and instructional goals. Behavioral objectives related to the skills areas and instructional goals were specified in each field. The Scope and Sequence *document is an extensive listing of these objectives. The behavioral objectives were developed into instructional triads, which are the basic instructional units in CBC. Each instructional triad contains a specific objective, a description of how the objective is to be achieved, and a way of confirming the acquisition of the skill described in the objective. Student achievement is measured by three types of assessment procedures: norm-referenced tests, criterion-referenced tests, and assessment tasks within the new curriculum.*

Key words: *Competency-based curriculum, competency-based instruction, curriculum development, assessment*

THE Competency-Based Curriculum (CBC) has been designed as a totally new program, developed to meet the educational goals of the D.C. public schools. Briefly described, the CBC instructional approach is a systematic procedure for identifying, developing, implementing, evaluating, and revising instructional strategies, materials, and support services, coordinated and directed toward identified educational goals. It is not an adaptation or revision of any existing curriculum or package. The purpose of this article is to trace historically the steps taken by the school system in developing the curriculum, describe its components, explain the theoretical underpinnings related to its design, and provide illustrative examples from the curriculum.

The first step in the area of curriculum development for the CBC program was the formation of the Curriculum Advisory Committee in March 1976. The committee was composed of subject area supervisors from the school system. This committee, created by the Office of Instruction, identified five broad *skills areas* which together would serve as the overall focus of the curriculum:

Communication Skills. Reading, writing, listening, speaking, non-verbal, visual.

Consumer/Producer Skills. Computation, analysis, comparison/contrast, planning, record keeping, fact/opinion, understanding bias/propaganda, product usage, employment skills.

Analytical Skills. Classifying; sequencing; comparing and contrasting; retrieving information; drawing conclusions; recognizing fact and opinion; summarizing; finding main ideas; solving problems; organizing, collecting and interpreting data.

Social and Political Skills. Decision making, problem solving, analyzing information, exercising citizenship, interpersonal relationships, critical thinking, group interaction.

Self-Actualization Skills. Self-evaluation, self-reliance, destiny control, self-confidence, maintenance, sense of responsibility, empathy for fellow man, creativity, positive habit formation, values clarification, psychomotor skills, choice making, self-selection.

Further guidance for curriculum development was provided by planning groups from each of the six administrative regions comprising the school system. These groups were composed of an administrator, teacher, student, parent, and community representative from each school. The groups adopted and listed according to priority a set of *instructional goals* which further delineated the skills areas just mentioned. It was decided that each student should have: 1) a command of fundamental communication skills; 2) a command of the skills that constitute mathematical, scientific, and technological literacy; 3) the ability to think critically, constructively, and creatively; 4) the attitudes and self-discipline necessary to meet everyday situations realistically; 5) a command of the skills that promote sound physical, mental, and emotional health; 6) an understanding and appreciation of intergroup relationships and acceptance of responsibility within the group; 7) the skills and attitudes necessary to planning one's future; 8) the ability to relate knowledge and capabilities to individual needs and aspirations; 9) the ability to demonstrate marketable skills which may lead to economic independence; 10) a command of the analytical skills which lead to sound consumer practices; 11) the ability to use leisure time wisely and constructively; 12) an understanding of the cultural, economic, and political backgrounds of the peoples and nations of the world and their interrelationships; 13) knowledge of governmental processes and the implications of changing political times; and 14) the knowledge, interpretation, and appreciation of literature and the visual and performing arts.

Subsequent work in forming the curriculum was guided by these specifications of skills areas and instructional goals. Instructional objectives related to each skills area were defined in each field by teams of teachers writing under the supervision of personnel from the Coordinating Team and the Instructional Support Team.

Initially, a small-scale curriculum writing effort began on a part-time basis. Much of this work was done as in-service activity by teachers after school and on weekends. The curriculum effort was intensified during the summer of 1977. Approximately 200 teachers enrolled in a tuition-free CBC curriculum writing course for which in-service credit could be earned. These teachers received training in curriculum development and participated in writing materials in their content areas. The objectives which resulted from these efforts specify the student behaviors which are to be acquired in the context of a respective discipline and which contribute to the

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V. A. Ford is a member of the Division of Research and Evaluation, and M. B. Harbeck, E. M. Lewis, D. C. Stephens, H. W. Turner, and M. E. White are members of the Office of Instructional Program Development and Services, District of Columbia Public Schools, 415 12th Street, N.W., Washington, D.C. 20004.

attainment of the instructional goals of the school system. The specification of objectives for the new curriculum was preceded and accompanied by both consideration of student needs and study of the existing curriculum in the D.C. public schools, curricula in other jurisdictions, and emerging trends in instructional design throughout the country.

Following specification of objectives, four priority areas for curriculum improvement were established by the Superintendent: reading, mathematics, science, and English/language arts. Preparation of curriculum materials based on the specified objectives in those areas was initiated in the summer of 1977. The curriculum materials, designed to develop and assess behaviors specified in the objectives, were then published in preliminary draft form for the initial try-out.

The Instructional Triad

A highly influential factor in the development of CBC was the consideration of the Tyler model for curriculum development. Tyler (2) presented the following questions as fundamental to every curriculum effort. 1) What educational purposes does the school seek to attain? 2) What educational experiences can be provided that are likely to attain these purposes? 3) How can these educational experiences be effectively organized? 4) How can we determine whether these purposes are being attained?

The initial effort in attending to these concerns was the identification of learning objectives. These objectives were then referred to for the selection of materials, organization of content, development of instructional strategies, and preparation of assessment tasks.

Under the CBC model, specified objectives are developed into specific task descriptions called *instructional triads*. The instructional triad, the basic instructional unit in the CBC approach, represents more than simply a statement of expected learning outcomes. Each instructional triad contains a specific objective, a description of how the objective is to be achieved, and a way of confirming the acquisition of the skill described in the objective. Specifically, each triad consists of three components: the behavioral objective, at least *two* learning activities, and at least *three* assessment tasks. These three components must be in performance agreement. This means that the performance specified in the objective must be the performance practiced during the instructional activities and demonstrated on the assessment tasks. All three parts, in performance agreement, are present in each triad.

Although the utilization of behavioral objectives, instructional activities, and assessment tasks is not, by itself, a new development in instruction, a description of their definitions and forms in CBC may serve to clarify the overall approach.

Behavioral Objectives

The behavioral objective has four characteristics: 1) it identifies the audience—a description of the student for whom the instruction is intended; 2) it specifies the behavior—the observable and measurable performance the learner is expected to exhibit; 3) it establishes the conditions—the materials, directions and restrictions provided for the learner at the time of assessment; and 4) it defines the level of acceptable performance—the criterion by which the learner is to be evaluated. The objective must be specific and clear; that is, the outcomes of instruction must be identified and the expected performance must be described clearly enough to preclude vagueness and misinterpretation. In order to avoid ambiguity, it is important to select statements that accurately describe observable and measurable performances. Cook and Walbesser (1) suggest that an effective means of getting teachers to use unambiguous action verbs in the description of behavioral objectives is to present them with a set of defined words that describe the types of performance frequently occurring in classroom behavior throughout all school grades and subjects. The set which they propose is: *name*, *identify*, *state a rule*, *order*, *distinguish*, *construct*, *demonstrate*, *describe*, and *apply a rule*.

The behavioral objectives were carefully organized and coordinated in order to transform numerous instructional triads into a truly competency-based curriculum. The organization was accomplished by arranging hierarchies of subordinate objectives under terminal objectives. Terminal behavioral objectives represent the most complex skills that the learner is to acquire and are supportive of the school system's goals. The curriculum writers established these objectives after considering student needs, reviewing existing materials, and consulting experienced teachers. Subordinate objectives, which describe the preliminary skills necessary for learning each terminal objective, were then constructed. The next step in organizing the objectives was to construct a hierarchy by arranging the objectives to show the dependency among them. This hierarchy provides the user with a "learning path" which includes three important kinds of information for planning instruction: 1) The comparative learning difficulty of each objective. 2) The dependency of mastery of one objective upon the mastery of others. 3) The point at which students are to begin.

Hierarchies were constructed for each major skill in each subject area. For example, the English/language arts hierarchy contains objectives for writing, speaking, and listening; the elementary mathematics hierarchy includes skills related to such topics as sets, numbers, and numeration. In establishing the hierarchies, a conscious effort was made to focus on useful, generalizable skills that would provide students with approaches to new knowledge and changing situations encountered in the future.

The most extensive listing of the objectives in CBC is provided by what is called the *Scope and Sequence* document. This document is a compilation of objectives for grades pre-kindergarten through 12 in the priority areas of reading, English/language arts, mathematics, and science. For each priority area, objectives which identify the major skills or concepts to be acquired have been listed and sequenced hierarchically to establish continuous progress. The document provides teachers with a ready reference to the objectives, or competencies, which are the foundation of CBC. Essentially, the *Scope and Sequence* is a kind of road map for instruction.

The format of the document is essentially the same for each subject in the curriculum. Each priority area is preceded by a preface describing the overall goals of that subject. These goals, which incorporate the respective terminal objectives, synthesize the desired outcomes so that all teachers are aware of the ultimate goals of instruction. In addition, the prefaces recommend procedures for effectively utilizing a particular segment of the *Scope and Sequence*. Each priority area (except reading, which is non-graded) contains suggested grade-level placements to indicate when a skill should be introduced, reinforced, or mastered. Teachers are cautioned that these indicators are highly flexible and that their knowledge of an individual student's progress should be the ultimate determinant of readiness. The continuous progress framework of CBC is designed to allow students to proceed through the sequenced sets of objectives in accordance with their individual needs, rates, and learning styles. Therefore, grade-level placement of a given objective simply represents the level at which instruction on the objective most frequently occurs.

Hierarchies of objectives have been identified for the major skills in the priority areas outlined:

Reading: Reading readiness, word perception, comprehension, study skills.

English/language arts: Pre-kindergarten to Grade 9. Listening, speaking, writing (grammar, usage, mechanics, composition), paragraph development, creative writing, literature, nonverbal communication, mass media, study skills, test-taking (grades 7-9), thinking (grades 7-9).

English: Grades 10-12. Writing, speaking, listening, language development, literature, study skills, media analysis.

Science: Primary and Intermediate Grades. Observing, measuring, using space/time relationships, inferring/predicting, communicating, classifying.

Science: Junior High School. Communications, measuring, classifying, formulating hypotheses, identifying variables, interpreting data, experimenting.

Mathematics: Pre-kindergarten to Grade 6. Sets and numbers, numeration, operations (whole numbers, common fractions, decimals), geometry, graphing, measurement (customary, metric), problem solving.

Mathematics: Junior High School. Systems of numeration, whole numbers and their properties, non-negative rational numbers, percentages, geometry and measurement, introduction to algebra, probability and statistics.

The *Scope and Sequence* document provides a valuable means of informing all teachers about CBC. During the gradual implementation of CBC, only those teachers directly involved in field-testing and collecting data are given the full set of curriculum materials. The *Scope and Sequence*, which has been disseminated to all schools, provides exposure to the curriculum for teachers working in schools not currently implementing CBC on a formal basis. Thus, the *Scope and Sequence* is part of a massive, ongoing CBC staff development program, permitting all teachers throughout the system to have the opportunity to experience CBC on a more informal basis. When using the *Scope and Sequence* informally, teachers select objectives which seem most appropriate for their students, determine the students' entry level or readiness for instruction on that objective by pre-testing, design at least two instructional activities involving the practical application of the skill, and provide at least three opportunities for students to demonstrate their attainment of the objective. In this way, all teachers and learners can become accustomed to CBC gradually. As the curriculum development effort continues, the *Scope and Sequence* will undergo revisions based on the findings of field-test data. Curriculum plans also include the dissemination of such a document for areas other than the original priority areas. In short, *Scope and Sequence* provides the school system with a means of unifying instruction and marshalling resources toward a common goal, that of equipping students with specified competencies.

Instructional Activities

To accompany the behavioral objectives, instructional activities were developed which utilize the learner's prerequisite skills, provide the necessary experiences and practice for the acquisition of the new objective, and involve at least two different sensory modalities (visual, auditory, tactile, or kinesthetic). Each instructional activity must be in performance agreement with the objective. Although the descriptions of learning activities include suggestions for specific teaching strategies, the focus of this component is behavior to be exhibited by the learner rather than on the pedagogical style of the teacher. At least two learning activities were prepared for each objective, often including both classroom and homework experiences. Each of the activity descriptions includes or implies the following aspects of an effective lesson: a) an interesting opening strategy to catch the attention of the learner; b) a way of stating the objective in terms which are understandable to the students; c) a review of homework or other previous activity, if appropriate; d) provision for a review of the prerequisite skills needed for acquiring the objective; e) presentation of the new skill to be learned, including a description of what the students are to do to practice the skill being learned; f) a strategy for providing immediate positive feedback and reinforcement of the practice which has been done; g) a plan for summarizing what has been learned and for looking forward to the next steps.

Each activity is written in terms of *student* behavior, thus emphasizing the importance of student involvement in learning. The two activities in each triad are designed to complement each other, offer more than one sensory approach to learning, and accommodate the different learning styles of students. Each activity is intended to appeal to learners and provide specific practice for the skill to be mastered. Ideas for these activities came from the teacher/writers' own experiences, journal articles, and a review of national curriculum projects. The descriptions of learning activities often include background information for the teacher, as well as suggestions for classroom management strategies, materials, and equipment.

Assessment Tasks

The assessment tasks provide the learners with opportunities to demonstrate mastery of the specified performance both to the teacher and themselves. The nature of an acceptable response must be described clearly so that the teacher can determine if the student has been successful in acquiring the specified behavior. Each assessment task must be in performance agreement with the objective. The greatest demand on the curriculum writers was to produce three assessment tasks in performance agreement with each objective. The conditions or settings of each assessment task were designed to differ from those of the practice sessions in order to minimize the possibility that students will learn to perform through memorized motions. This aspect in the design of the assessment tasks produces an ongoing creative challenge to the curriculum writers to develop tasks which measure the generalizability of the newly acquired skill while remaining in performance agreement with the objective. The assessment tasks are constructed in several different ways depending on the performance specified in the objective. The skills in many objectives are assessed by means of pencil-and-paper items. Matching questions, for instance, are especially suited to test the student's ability to "identify." If an objective requires a performance or demonstration on the part of the student, the task must be performed and rated by an observer. If a product results from performing a skill (e.g., "to construct"), it is assessed as evidence of the student's proficiency.

Three consecutive successful demonstrations are considered to constitute mastery of an objective. The required level of performance is specified for each assessment task, permitting an objective determination of "successful" or "not yet proficient" for each student. The connotation of "failure" is not considered appropriate in the CBC model.

Student Assessment

A critical consideration in curriculum development has been methods of assessing and enhancing student competencies. Assessment tools and procedures have become an integral part of the CBC model. Currently, the academic competencies of students are determined by the use of three types of assessment procedures: norm-referenced assessment, criterion-referenced assessment, and validated CBC assessment tasks. These assessment tools vary in content, evaluation time frames, and methods of interpretation.

Table 1 illustrates the ways in which the assessment tools used by classroom teachers differ.

Norm-Referenced Assessment

The norm-referenced aspect of the assessment program is designed to compare the test performance of the District's students to a national sample of students. As Table 1 indicates, all students within a grade or class are exposed to the same set of items. Students are administered norm-referenced tests which correspond to their grade levels.

The school system uses the Comprehensive Tests of Basic Skills (CTBS), a nationally standardized test published by the California Testing Bureau/McGraw-Hill, to determine the achievement levels of its third, sixth and ninth graders. For several years prior to 1978, the reading comprehension, reading vocabulary, mathematics computation, and mathematics concepts and applications subtests were administered to students. In 1978, the language and science subtests were also administered to students in keeping with the system-wide emphasis given to these content areas. This test, which is given in the spring of each year, indicates to what extent students are achieving several general skills measured by each subtest.

Test information obtained from norm-referenced assessment is used by school administrators and classroom teachers for the following purposes: 1) to compare the D.C. system's student achievement with the student achievement across the nation; 2) to determine the educational development of students in order to adopt instructional programs fitted more precisely to their needs and abilities; 3) to diagnose strengths and weaknesses in group performance (classes, individual schools, and system) in the subject areas tested; and 4) to assess the effects of special programs and innovations.

Criterion-Referenced Assessment

In addition to the overall achievement indicators represented by norm-referenced assessment, a more instructionally based approach to assessment is used. Criterion-referenced measures, which are the products of specifically stated behavioral objectives, have immediate implications for the instructional program and rate of student progress. Whereas norm-referenced measures assess differences between students, criterion-referenced assessment identifies an individual student's status with respect to an established standard of performance. The standard of performance is usually a behavioral objective which describes expected pupil changes and criteria which determine whether or not the expected pupil changes have occurred.

Custom-made criterion-referenced tests in reading and mathematics were developed for the D.C. Public Schools by the California Test Bureau in conjunction with content specialists from the school system. These tests, the Prescriptive Reading Test (PRT) and the Prescriptive Mathematics Test (PMT), are administered to all students in the regular instructional program in grades 1 through 9 in the fall and spring of each school year. Because of the instructional nature of these tests, teachers are permitted to select and administer the level of the test which best corresponds to each student's level of achievement. Unlike the norm-referenced assessment procedure in which the same test is administered to all students at a given grade level, any level of the PMT/PRT can be administered to students regardless of their grade level. Level A of these tests is associated with the first-grade curriculum sequence, Level B with Grade 2, etc. In those instances in which a student's instructional level coincides with the designated grade level, the student is described as being tested "on-level" (a difference between the two levels is referred to as "out-of-level" testing).

Table 1. Assessment plan

	Evaluation timeframes	
Assessment content	All students evaluated at the same time	Time varies: evaluation closely follows instruction
Same items for all students in a class or grade	Norm-referenced assessment	
Items differ for students in a grade or class	Criterion-referenced assessment	Validated CBC assessment tasks

The PMT measures a total of 518 mathematical objectives across all levels. Groups of objectives are classified into major categories of sets and numbers, numeration, operations and their properties, problem solving and measurement, and geometric concepts. Several items are written to measure each stated objective. A student must correctly respond to a specified number of items in order to demonstrate mastery of an objective. This specified number of items is referred to as the criterion. Examples of objectives and criterion levels from the PMT are shown in Table 2.

The PRT measures a total of 246 reading objectives across all levels. Each level of the PRT tests a series of reading skills appropriate to the specific instructional curriculum for that level. Groups of objectives are classified into three categories: word perception, comprehension and interpretation, and study/reading. The construction of the PRT is the same as that for the PMT.

There are no time limits for the criterion-referenced tests; students are allowed sufficient time to demonstrate their proficiency. The tests provide reports which indicate to students and parents which objectives were mastered and which were not during the school year. Teachers and building administrators are provided a summary of the percentages of students mastering objectives at each level. Fall-to-spring comparisons indicate the degree to which an individual student, class, or entire grade level of students have progressed on specific objectives, given a year of instruction.

Assessment Tasks

In order to make student assessment more ongoing, less formally structured, and more in keeping with the competency-based curriculum, a third approach was added. Assessment tasks are the third component of the instructional triad, the basic instructional unit of

Table 2. Examples of objectives and criterion levels from the Prescriptive Mathematics Test

Objective	Criterion
The student will be able to add whole numbers with and without regrouping	3 items
The student will be able to identify different names for the same number	3 items

CBC. Assessment tasks are administered to students as the instructional need arises. The assessment tasks differ from criterion-referenced assessment in that assessment tasks measure one objective while the criterion-referenced tests measure several objectives at one time. During the 1977-78 school year, the first phase of a validation study of the instructional triads was undertaken. Data from the study indicated whether or not the assessment tasks adequately measured very specific objectives (3).

The three assessment approaches discussed identify and interpret student competency in three distinctive ways. The norm-referenced CTBS identifies broad areas of competency, and reports the results comparing students to a national sample, while the CBC assessment tasks are the result of very specific statements of the skills students are to acquire, at a pre-determined performance standard. Criterion-referenced assessment operates as an intermediary approach between the broad area sampling of skills by the CTBS and the very specific sampling of competencies through CBC assessment. This type of assessment identifies skills to which the curriculum specialists give priority. All three types of assessment provide the empirical approach which is central to CBC.

In conclusion, it should be re-emphasized that the curriculum materials in the CBC program serve as the basis for instruction in D.C. schools by specifying behavioral objectives, instructional materials and strategies, and means of assessment. The systematic approach inherent in CBC permits ongoing curriculum development and revision. This insures that the curriculum is responsive to student needs and abilities. Changes in the curriculum are always significant, goal-oriented improvements. Teachers, administrators, parents, and students continually contribute to a system which develops competent individuals.

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Staff development and systematic management: Steps to CBC implementation

JUDY U. AARONSON, DELORES E. BURNETT,
LATINEE G. GULLATTEE, MARION M. SIMONS,
E. LOUISE WHITE, AND JOHANNA S. WOOD

The initiation of CBC has required comprehensive staff development and a management system to guide implementation. Staff development and program implementation have been divided into three phases: Phase I, "Awareness" (1976-77); Phase II, "Commitment" (1977-78); and Phase III, "Implementation" (1978-1981). A team approach has been used in organizing staff development and management. Various types of instructional media have been used in information dissemination and training. In-service courses on CBC have been designed and conducted. Staff development has been particularly emphasized in pilot and prototype schools. The management system is based on a management-by-objectives approach which integrates planning, implementation, and evaluation. The CBC Center has been established to provide a professional environment for staff development and coordination of support services and activities.

Key words: *Competency-based curriculum, competency-based instruction, staff development, management, in-service activity, information dissemination*

The authors are all members of the staff of the Office of Instructional Program Development and Services, District of Columbia Public Schools, 415 12th Street, N.W., Washington, D.C. 20004.

THE INITIATION of the Competency-Based Curriculum (CBC) instructional program in 1975 created immediate needs for comprehensive staff development and a management system to guide program implementation. The purpose of this article is to describe the team approach to staff development, the phases of program implementation, and the management-by-objectives system designed to meet those needs.

Staff development in the CBC technology has been viewed as a major vehicle for bringing about curriculum reform and instructional improvement. As a direct result, the delivery of a planned program of in-service education to the District of Columbia Public School System's total staff of nearly 10,000 persons has been a critical activity. The CBC program has been divided into three phases: Phase I "Awareness" (1976-1977), Phase II "Commitment" (1977-1978), and Phase III "Implementation" (1978-1981).

Before a systematic program of staff development could be planned, however, it became clear that some organizational changes were necessary. The reorganization of existing staff in the Instructional Services Division of the school system was the first requirement. From the Instructional Services staff, individuals were selected and assigned to two CBC teams: 1) a Coordinating Team to provide the overall leadership for the thrust, and 2) an Instructional Support Team to provide technical assistance to classroom teachers. The role of the Coordinating Team is to provide the overall leadership and direction for the development and implementation of CBC. The role of the Instructional Support Team is: to observe teachers during classroom instruction and offer suggestions for improvement; serve as troubleshooters with respect to competency-based instruction in specific disciplines; strengthen morale; provide leadership in textbook selection committees; coordinate many extracurricular programs; and plan and direct activities such as student exhibitions and professional conferences. During the summer of 1976, the members of both teams received intensive training in a two-week summer program designed to develop skills in group processes and in a systematic approach to curriculum development.

Phase I: Awareness

In the fall of 1976, the first step in adopting CBC was to make all system personnel aware of 1) the need for change, and 2) the direction of the change. This section will describe the formation of a new team, the use of a team approach in information dissemination, and the development of materials, activities, and courses about CBC during the first phase. Phase I, "Awareness," was launched by the superintendent of schools in September 1976, at an assembly of the system's approximately 7,000 teachers and 500 administrators.

It was from this group that 100 persons were later selected to serve on a third team, called the Implementation Team. Great care was taken to assure representation on this team from a broad cross-section of administrators and instructional personnel at all levels, including representatives of regional and central office personnel. Individual school administrators, special subject teachers, counselors, librarians, as well as personnel from the career development and special education divisions, special programs, and federal projects were included. In addition, representatives from both the teachers' and officers' unions were represented. The Implementation Team, which functioned during the 1976-1977 school year, had the important task of assisting in the mobilization of in-house expertise and resources at the grass-roots level. It made possible the systemwide acceptance of the CBC program within only a year's time.

To assure appropriate information dissemination, the Coordinating Team designed a comprehensive plan for staff development to be implemented through the unique three-team organizational structure. Each team worked with different target groups to provide information and training. The success of this model can be attributed to two factors: 1) the use of a team approach, and 2) a multiplier effect. Initially, the Coordinating Team and Instructional Support Team members were trained with respect to the philosophical and theoretical bases of the new approach. Consultants from local colleges and universities provided workshops and seminars on appropriate topics. Members of these teams then served as the trainers for the Implementation Team members. Monthly meetings provided ongoing staff development activities. The Implementation Team members, in turn, served as trainers in their schools and offices by disseminating CBC information to fellow workers.

The use of various types of instructional media has been a key part of staff development related to CBC. Because prepared media packages were unavailable, the Coordinating Team collaborated with the system's Educational Media Center to produce a series of CBC instructional modules. A variety of media formats were used in the programs, including slide/tapes, videotapes, films, transparencies, and multi-media kits with printed guides. These modules were used by the teams during training sessions at individual schools. During Phase I, team members served as consultants at faculty and professional development meetings and at regionwide workshops devoted to CBC. During the 1977-1978 school year, 131 presentations were made at schools and 25 workshops were held for regional personnel. The modules were vital means of maintaining quality control in the presentations. The publication of printed materials was also an effective means of delivering in-service education. A "CBC Notebook" on terminology and methodology was published, with notebook installments distributed on a monthly basis to all school personnel. Several brochures and leaflets explaining CBC were designed and circulated by the Coordinating Team.

Special CBC in-service courses were designed for the school system during Phase I. During the summer of 1977, a course in curriculum writing was held for more than 200 teachers. Another in-service course, "Foundations of Competency-Based Curriculum," was conducted concurrently to teach CBC technology to school teams composed of administrators and instructional personnel from different subject areas (a special section of the course was offered to selected ESEA Title I supervisory personnel, who in turn conducted workshops for Title I staff using the same techniques and materials). By means of this course, training was provided for more than 2,000 staff members from nearly 200 schools during a four-week period. Performance data collected during the course indicated that the participants had achieved the desired objectives with a high level of proficiency. Moreover, evaluation reports indicated that the summer programs had been highly successful in developing positive attitudes toward systematic instruction. An Additional outcome of the summer program was that every school developed a CBC Building Plan (i.e., individual school plan). At another level, CBC Regional Teams were formed as another channel for staff development.

During Phase I, learning opportunities were also provided for the central leadership teams. Before the opening of the fall term, the members of the Coordinating Team and Instructional Support Team participated in a retreat and workshop on team-building with the associate superintendent of instruction and his staff. This workshop, jointly sponsored by the school system and the University of Virginia, provided training for central office personnel in group processes, team-building, and management-by-objectives.

Phase II: Commitment

The second phase of the CBC program involved a televised course, media festival, the formation of a new team, the development of a management system, and specific training for pilot and prototype school personnel. The purpose of these activities was to continue and expand information dissemination, as well as to elicit commitment by members of both the school system and the community.

A televised course of 24 CBC lessons was designed for use during Phase II. The in-service course was produced by the D.C. public schools in cooperation with the University of the District of Columbia, the University of Maryland,

and WETA-TV, a public broadcasting station. The course was broadcast over the entire metropolitan Washington, D.C. area to raise the level of parent and community awareness of CBC. Seminars and workshops for parents and community members were held in the various regions in conjunction with the TV course. The seminars and workshops were designed to complement the course by demonstrating the classroom use of CBC, providing suggestions for parental support of CBC at home, and delineating the benefits of CBC for students, parents, and the community.

By means of videotape, two cycles of the course have also been conducted for the more than 700 teachers and administrators who earned in-service or graduate credit for participation. Saturday class meetings held in conjunction with the course were conducted by the teams during the first cycle and by regional personnel during the second cycle. Future offerings of the course as part of staff development will be arranged using videotapes and closed-circuit television at selected schools.

A two-day, system-wide CBC Media Festival was held in 1977 to highlight the CBC approach through media, exhibitions, and presentations of CBC methods. Open to all instructional staff, parents, and community members, the festival provided opportunities for teachers and schools to share ideas related to CBC. The festival's theme, "Maximizing CBC Through Media," was chosen to accentuate the importance of media in the development of teaching strategies. Festival activities included teaching demonstrations, exhibits and displays, and presentations of teacher-developed instructional media in audio, visual, and tactile modes. The festival provided another opportunity to test the effectiveness of the team approach. The festival was planned, implemented, and evaluated by a steering committee comprised of representatives from the areas of art, media, communications, and library science under the overall direction of the Coordinating Team. Participant evaluations indicated that the goals were achieved. An important factor in the success of the festival was the cooperation and participation of central, regional, and individual school personnel.

The introduction of the new CBC curriculum in the pilot and prototype schools required specific training for their staffs. Since the validation of the new curriculum in the pilot schools in the areas of reading, English/language arts, science, and mathematics was a major activity during Phase II, training related to validation was conducted for those 28 schools. Pilot school teachers and principals received initial orientation in the validation process and participated in subsequent bi-monthly seminars.

During the summer of 1978, staff development was geared to meet the needs of the 28 prototype schools. On the basis of data derived from needs assessments, a one-week Institute on Strategies for Implementing Competency-Based Instruction was designed and conducted to assist prototype school staffs in acquiring the skills, knowledge, and competencies to implement CBC. Two sessions were held to accommodate 390 participants. Course content was centered around five areas: team-building techniques, curriculum validation procedures, classroom management skills, learning styles identification, and the writing of action plans. At the end of the 30-hour course, each participating school team had constructed an "Action Plan" for the implementation of CBC.

A new CBC team was formed during the 1977-1978 year. The Instructional Management Team was organized to design and implement a management system to support the development and use of CBC. The role of the new team was to assist principals, assistant principals, and other managers (such as CBC chairpersons and department chairpersons) in the adoption of the new instructional system and the complementary management system. The following is a description of the management system used by the Instructional Management Team during 1977-1978.

The Management System

The management system is based on a management-by-objectives (MBO) approach to local school planning. It reflects the CBC system by integrating the elements of planning, implementation, and evaluation. The primary step in initiating the management-by-objectives at the local school level is the preparation of a CBC Action Plan. Each school is required to write a plan which identifies its instructional goals, objectives, critical tasks, and evaluating procedures for the academic year. The goals are specified to respond to identified systemwide, regional, and individual school needs. A model of the Action Plan cycle developed by the Instructional Management Team is shown in the figure.

The *principal* in the CBC system is viewed as the instructional leader of the school. Successful instructional leadership requires that the principal meet certain criteria: a) demonstrate knowledge of the elements in the CBC instructional system; b) demonstrate knowledge of effective teaching practices; c) provide leadership for implementing the CBC instructional system in classroom teaching; and d) model systematic planning, implementing, and evaluation of the total instructional program through use of the Action Plan. Throughout the 1977-1978 school year, the Instructional Management Team worked with principals, assistant principals, and CBC chairpersons throughout the school system in a series of workshops, clarifying the use of the Action Plan and urging the school managers to set goals, specify measurable objectives, and concentrate on outcomes.

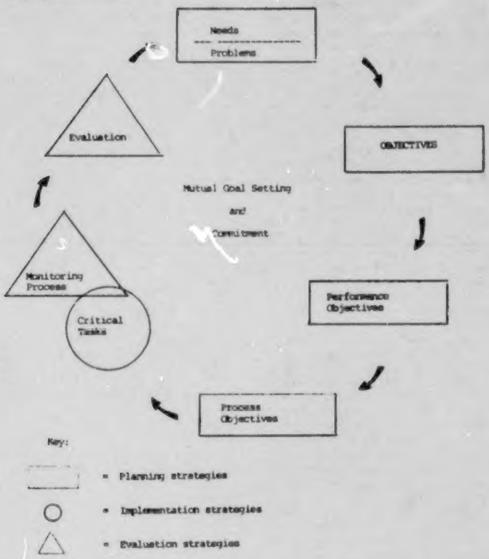
The *CBC chairperson* is considered the liaison between the Instructional Management Team and the local school. The CBC chairperson provides information and materials regarding CBC to the school staff, leads the school CBC team in planning staff development, and prepares feedback on the status of CBC implementation at the schools. Members of the Instructional Management Team have conducted a number of workshops for CBC chairpersons in areas such as understanding action plans and developing teaching strategies to respond to a variety of learning styles.

Phase III: Implementation

Phase III of the CBC program is expected to cover a three-year period, 1978-1981. By 1981, all schools will be using the new approach. During the school year 1978-1979, the focus of staff development has been on strategies for implementation. Phase III has included the establishment of a CBC Center in the school system, as well as continued staff development and management activities (with special emphasis on pilot and prototype schools).

The CBC Center has been established to provide a professional environment for staff development. The Center is seen as the vehicle through which a broad spectrum of staff development services and activities can be offered to system personnel, as well as to students, parent groups, and interested community groups. The Center houses a library, providing teachers, administrators, and parents with access to curriculum guides, books, journals, mediated packages, instructional kits, textbooks, workbooks, teachers' manuals, and other instructional media. In addi-

Figure. Action Plan cycle



tion to providing space for staff offices, classrooms, and training areas, and library, the Center is a setting for seminar groups of teachers, administrators, parents, and students. The Center staff maintains the expertise of the Center and continues its own professional development by observing competency-based programs in other parts of the country, conducting seminars and workshops on CBC in other school districts, participating in leadership training and continuing education programs, and by involving themselves in educational organizations and activities at the local, national, and international levels.

Intensive instructional support services are being extended to the pilot and prototype schools. It should be noted that the prototype schools have a dual role, serving as field-test sites for the validated curriculum as well as demonstration schools where teachers, administrators, parents, and visitors can observe CBC practices. During Phase III, assistance in staff development has been provided to the 28 prototype schools aiding in the implementation of their school action plans. Members of the Instructional Management Team have met with principals of prototype schools on an individual basis and in small groups and seminars, offering instructional support in areas such as team-building activities, utilization of criterion-referenced assessment data, development of new organizational patterns and operating procedures, and the creation of a climate for shared decision-making. An ongoing program of staff development is being provided by the Center staff for resource teachers in the elementary schools, and for teachers and department heads in the secondary schools in the areas of social studies, foreign languages, mathematics, English/language arts, reading, and science. In addition, a repeat of the Summer Institute on Strategies for Implementing Competency-Based Instruction will be presented in the summer of 1979 for more than 300 city-wide staff.

Summary

The adoption of CBC has required changes in the roles and functions of administrative and instructional personnel. In-service education and systematic management are viewed as vital links between theory in competency-based instruction and actual instructional improvement. A continuous program of in-service activities has been provided by means of courses, demonstrations, workshops, conferences, exhibits, discussions, displays of materials, institutes, and field trips. The adoption of a management-by-objectives system has resulted in the gradual implementation of CBC within the school system. As the District of Columbia public schools move toward full implementation of a competency-based curriculum approach, staff development and systematic management will remain top priorities. Without question, full implementation will require a continuous program of carefully planned and creatively designed staff development and management throughout the school system.

The design and implementation of the validation of the Competency-Based Curriculum in English and science

MILDRED P. COOPER

Assessment activities relevant to the implementation of CBC have included validation of the curriculum materials and monitoring of CBC implementation. The overall purpose of these activities has been to provide the school system with information about the validity of the CBC materials. Validation efforts thus far have pointed out that 1) the CBC materials seem generally to appeal to both students and teachers. 2) the CBC approach provides a useful instructional framework while allowing the latitude for the development and implementation of creative approaches to teaching; and 3) the CBC approach provides students with a clear understanding of the behaviors they are expected to acquire.

Key words: *Competency-based curriculum, competency-based instruction, validation, evaluation*

AN INTEGRAL PHASE of implementing a new educational approach in a large urban school system is the conduct of various assessment activities designed to determine, prior to full-scale implementation, the efficacy of the approach. Assessment activities relevant to implementation of a competency-based curriculum (CBC) in the public schools of Washington, D.C., included validation of the competency-based curriculum materials and monitoring of CBC implementation. The overall purpose of these activities was to provide the school system with information about the validity of the CBC materials. The validation and monitoring activities associated with the CBC implementation process in English/language arts and science were assigned to the Division of Research and Evaluation (DRE), a part of the Office of the Superintendent of the D.C. Public Schools.

In this phase of the CBC implementation process, the DRE assumed the responsibility for planning, development of appropriate strategies, instrumentation, conduct of curriculum validation and monitoring activities, and the analysis and reporting of results.

Validation of English/Language Arts and Science Curricula

The task of curriculum validation involves an evaluation of both content and process relative to CBC curriculum materials. In this context "content" refers to subject matter of the curricula, i.e., English/language arts and science, while "process" refers to the format of the CBC approach. This format involves structuring each learning event as an instructional triad, which includes a behavioral objective, two instructional activities, and three assessment tasks, and further structuring instructional triads into learning hierarchies characterized by movement from simple to complex behavioral objectives and ending in a terminal objective.

The validation task was accomplished through: development of a curriculum validation model; identification of appropriate strategies; development of instruments; conduct of the validation in a sample of schools; data collection, processing, and analysis; and interface with other interested organizations and groups.

Validation Design and Development Process

In the summmer of 1977, the DRE was assigned the task of validating the CBC English/language arts and science curricula. The assistant superintendent in charge of the division established a Validation Design Group (VDG) for the purpose of developing a validation model, strategies, instrumentation, etc.

The VDG was comprised of staff of DRE, a representative of the Pupil Appraisal Branch of the Office of Instruction, a representative of the Office of Instruction (CBC), and consultants with expertise in the field of curriculum development and validation. (Subsequently, a representative of the Division of Automated Information Services was added to the VDG and became a permanent member of the group.) The committee met almost daily during August 1977 to develop a validation model, strategies, task-completion target dates and responsibilities, and instrumentation required to conduct validation of the CBC English/language arts and science curricula during the 1977-78 school year.

Validation Model. The CBC validation model developed during the course of the VDG meeting was presented to the CBC Coordinating Team and the Office of Instruction at the end of summer 1977 and was approved for use during the 1977-78 school year for validating the English/language arts and science curricula. The model, which is presented in the figure, indicates the flow of activities in three primary areas: validation design and development, conduct of the validation, and processing and analysis of results. Tasks accomplished in each of these activity areas included the following:

Validation design and development. Assignment of tasks; development of validation strategies; design and pretest of instruments; design of pilot test sample; review, revision, and dissemination of curriculum materials; design and provision of orientation for pilot test participants; conduct of staff development activities; design of continuing validation plan.

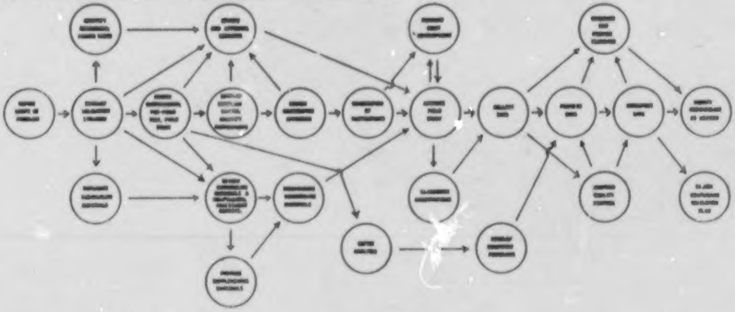
Conduct of the validation. Data collection in pilot schools; classroom observations; interface with participants; maintenance of quality control; periodic provision of feedback information.

Processing and analysis of results. Development of analysis plan; development of reporting schema; development of computer programs; processing and analysis of data; provision of information for curriculum modifications as needed; reporting.

Design and development activities were completed from July through October 1977, with the implementation of the validation taking place in the schools selected as the CBC Pilot Schools from November 2, 1977 to March 31, 1978. Processing of the data occurred during the implementation phase in Pilot Schools and through the middle of June 1978. Final analysis and reporting were carried on between the first of May and the middle of July 1978.

The author is Assistant Superintendent for Research and Evaluation, District of Columbia Public Schools, 415 12th Street, N.W., Washington, D.C. 20004.

Figure. Content validation model for English/language arts and science (1977-78)



Validation Strategies. A critical step in the implementation of the curriculum validation model was the development and adoption of strategies for conduct of the effort. These strategies were developed by the VDG during the design phase. The validation strategies included specification of tasks required to complete the validation process successfully, assignment of responsibilities for the performance of tasks and subtasks, and development of target dates for completion of tasks.

The DRE developed a chart which indicated tasks, responsibilities, and completion dates which comprised the CBC curriculum validation strategies. The division had major responsibility for completion of the curriculum validation effort. Other groups which were responsible for completion of tasks or subtasks were the CBC Coordinating Team, the Pupil Appraisal Branch, the curriculum writers, the Division of Automated Information Services, and principals and teachers in the Pilot Schools where the validation was conducted. Validation strategies were organized such that the DRE not only had responsibility for a majority of the tasks involved in the effort but also maintained quality control over the entire English/language arts and science validation through continuous monitoring of all activities associated with the effort.

Instrumentation. During the design and development phase five instruments were designed for use in the curriculum validation. One of these instruments was used for curriculum review prior to implementation, one was for collection of information about teachers' previous experience with CBC, and the other three were data collection instruments used during the conduct of validation activities in the Pilot Schools.

Curriculum material review checklist. The checklist was designed to permit evaluation of the English/language arts and science curricula prior to the field test in the CBC Pilot Schools during the 1977-78 school year. Each of the curricula was subjected to intensive review by the CBC Coordinating Team, the curriculum writers, subject-area specialists, and staff in the DRE who utilized the checklist to evaluate the curricula and to recommend revisions and modifications prior to implementation.

The purposes of the review process were: 1) To insure that each behavioral objective was written correctly in that it stated *who* was to perform, *what* was to be performed, the *conditions* under which performance was to occur, and the *criterion* for successful performance. 2) To insure that, for each behavioral objective, at least two instructional activities were included to provide alternative approaches to learning. 3) To insure that, for each behavioral objective, at least three assessment tasks were included and that each called for behaviors to be exhibited that were stated in the behavioral objective. 4) To insure that the criteria for acceptable performance were clearly stated in each assessment task and that the criteria were consistent with those stated in the behavioral objectives. 5) To insure that the level of reading difficulty was appropriate for the indicated grade level. 6) To insure that each learning hierarchy included an entry-level objective, enabling objectives, and a terminal objective.

An additional purpose of the curriculum review was evaluation of the "power" of the instructional triads which comprise the CBC curricula. This task required that each triad be rated as to whether it required the student merely to identify or state a rule learned previously, or to solve problems, or to make inferences based on prior learning. Based on the review, a number of revisions and modifications were made in the English/language arts and science curricula.

Teacher background form. During the month prior to implementation of the CBC curricula, participating teachers in the CBC Pilot Schools were requested to complete a form indicating the extent of their training in the CBC approach, the extent of their teaching experience, and any CBC-related areas in which they desired additional training. This form was developed by the DRE at the request of the CBC Coordinating Team and according to their specifications. The purpose of the information on the forms, which were collected and tallied by the Coordinating Team, was to assess the level of CBC training of the CBC pilot teachers. The information collected was used by the Office of Instruction to design staff development activities during the validation period for teachers who were utilizing the CBC curriculum.

CBC curriculum validation observation form. The first of the three validation data-collection instruments designed by the VDG was the observation checklist, to be used by the principal (or a designee) in each CBC Pilot School for observation of the CBC process in each of the participating classrooms. According to the validation design, each participating teacher was to be observed a minimum of four times between November 1, 1977 and March 31, 1978. The purpose of the instrument was to determine the extent to which the CBC approach was being utilized in each of the classrooms participating in the CBC curriculum validation. That is, the observer was to measure the CBC process, and the instructions specified that the instrument was not intended to evaluate the teacher, the classroom, or the effectiveness of the CBC curriculum content.

During each observation, the observer was instructed to spend one period in the participating classroom and to complete a separate checklist for each objective being taught during the observation period. Information to be collected included data on use of pretesting, presence of varied instructional levels within the classroom, utilization of the CBC instructional triad as specified by the CBC approach, and the administration of performance assessment activities. These data were to be transmitted to the DRE as they were collected for processing throughout the validation effort.

Teacher feedback form. A second validation instrument developed by the VDG was the Teacher Feedback Form, which was designed to collect information for assessing several aspects of the CBC curriculum content from the perspective of the classroom teacher responsible for preparing and teaching the CBC instructional triads. Teachers were requested to complete a feedback form for each of the instructional triads they taught during the validation. Included were questions designed to assess: time required for materials planning, preparation, and administration; teacher perceptions regarding appropriateness and clarity of the triads; student responses to the CBC curriculum materials; and possible additional or alternative activities which might enhance the effectiveness of the materials. As with the observation checklist, data collection forms were to be returned to the DRE as they were completed.

Students' participation record. The final data collection instrument developed for CBC curriculum validation was the students' participation record. This form was to be used for recording participating students' progress on each of the instructional triads to which they were exposed during the class period. One form was to be completed for each instructional triad, beginning with that triad designated as the appropriate entry-level point for participating classrooms at each grade level involved in the validation (1 through 9 for English/language arts and 1 through 7 for science).

Data Analysis Plan. In conjunction with the instrumentation task, a data collection, processing, and analysis plan was developed which would facilitate efficient management of the considerable amount of information to be collected during the validation. This comprehensive plan was developed by the DRE staff with assistance from the Division of Automated Information Services (DAIS). Its central components included the following:

Data collection arrangements. To facilitate analysis of the validation data in the spring of 1978, the decision was made to collect data on an ongoing basis rather than at the end of the field test. Consequently, arrangements were made for school personnel responsible for completion of the data collection instruments (teachers in the case of the teacher feedback form and the students' participation record and principals or their designees in the case of the observation form) to transmit all instruments as they were completed. The principal or designee in each school was responsible for all data collected in that school. Teachers were to place instruments in a box as they were completed, and the principal (or designee) periodically packaged and sent the instruments to DRE for processing.

Data processing. Prior to actual processing of data, a uniform coding system was developed for all curriculum objectives regardless of subject area. This procedure was necessary because no consistent codes across subject areas existed. The coding system developed by DAIS with assistance from the DRE was uniform across subject areas and consequently permits the addition, deletion, and revision of CBC curriculum objectives as such steps might become necessary in the future. The processing plan stipulated that as data were received at the DRE, staff would code objectives and otherwise prepare the data for transmittal to DAIS.

According to the processing plan, DAIS would receive coded data from DRE and would thereafter have responsibility for keypunching and automated processing of the validation data. As part of this function DAIS, in consultation with the DRE, was to develop all computer programs necessary for later analysis of the data, as well as for maintenance of quality control, computation, and generation of computer data printouts in a format appropriate for analysis by the DRE.

Data analysis plan. The initial decision was made to aggregate the validation data such that they would be analyzed and reported by CBC behavioral objective and not by teacher, principal, or school. This decision was based on DRE's judgment that the validation was to focus on CBC content and process rather than on any potential variations in approach to the CBC curricula.

Data to be analyzed during this phase of the validation included the following: curriculum materials review data; puissance index data; sampling data; reading emphasis data; reading complexity data; reading comprehension data; teacher background data; teacher feedback data; classroom observation data; student performance and attendance data; hypothesis of learning dependency data; and hierarchy data.

Data analysis was to be directed toward assessment of the extent to which the CBC process was implemented in the test sites, the extent to which the CBC process was effective in encouraging student learning, and the extent to which the CBC English/language arts and science curriculum materials contributed to the learning of students in those content areas.

Selection of Sample. Another task which formed a part of the design and development phase of the validation was selection of a sample for participation in the field test of the CBC curricula. A total of 29 schools throughout the school system were selected as Pilot Schools for the test. The sample consisted of 16 elementary schools, eight junior high schools, two senior high schools, two career development centers, and one special education school.

Following selection of Pilot Schools to participate in the field test, a sampling matrix was developed for selection of classrooms and students in each of the schools to participate in the validation of the curricula. In each school one class was selected for English/language arts and one for science at grade levels 1 through 6, and two classes in each school for each curriculum at grade levels 7, 8, and 9.

Orientation of Participants. The final task of the validation design and development phase was the provision of orientation to participants. Several orientation sessions were to be conducted for participating teachers and administrators in the Pilot Schools shortly before the validation was to begin on November 1, 1977.

The purposes of these sessions included the following: 1) explanation of the validation strategies; 2) distribution of data collection instruments; 3) instruction in use of instruments; 4) distribution of data-collection schedule including delineation of responsibilities; and 5) identification of resource persons from DRE and the CBC Coordinating Team who were to be available for assistance with any problems which might arise.

In general, the orientation was provided, prior to implementation of the curriculum validation, to all participants in order to facilitate efficient conduct of the validation effort. Later, staff development sessions were planned and held.

In summary, design and development activities requisite to successful implementation of the validation effort were conducted by the VDG and by the DRE staff during the summer and fall of 1977. The considerable effort expended on the design phase was critical to the later efficient conduct of the large and complex validation task itself.

Conduct of the Curriculum Validation

The initial phase of validation was a pretest of the CBC curricula. Following the pretest, the validation test was conducted between November 1, 1977 and March 31, 1978. Additionally, a number of interface activities associated with the validation occurred during this period. An important component of the validation period was that of reporting, with the DRE staff developing periodic status reports for the Superintendent of Schools and for the CBC Coordinating Team. The purpose of these reports was to inform interested persons of the progress of the validation, to describe any problems which arose and the methods used for their resolution, and to provide information about scheduling of future events. In general, these reports contributed substantially to the coordination and conduct of the complex validation task in that they enabled the DRE and others to monitor closely the accomplishment of various tasks and subtasks.

Monitoring of the Curriculum Validation

In addition to reporting and other quality control activities associated with the curriculum validation, the DRE was specifically assigned the task of developing and implementing a CBC monitoring plan. A number of different groups had task responsibilities in the validation effort. For this reason, a carefully designed monitoring effort was required to assure timely and efficient task completion by all participating agencies. This effort included development of a validation monitoring plan, design of appropriate instruments, and conduct of monitoring activities throughout the validation period.

Validation Monitoring Approach and Instruments

The validation monitoring approach was developed by the DRE staff in consultation with the CBC Coordinating Team and other groups who were to be involved in the validation task (e.g., DAIS, Pupil Appraisal Branch, etc.). The approach included: creation of schedules; assignment of responsibilities for task completion; preparation for monitoring of curriculum implementation, validation strategies, and evaluation in the Pilot Schools; data collection plans; and analysis and reporting tasks.

Instruments developed for use in monitoring the CBC curriculum validation included the CBC Curriculum Validation Observation Form and the CBC Curriculum Validation Strategies Monitoring Form. The observation form was designed to monitor, through direct observation in participating classrooms in the Pilot Schools, the extent to which the CBC curricula were being used in the educational process.

The CBC Curriculum Validation Strategies Monitoring Form was designed to collect information on the extent to which groups responsible for various validation tasks were meeting time schedules, completing tasks successfully, finding it necessary to revise task statements or completion dates, and generally to follow the progress of each validation task. Hence, the instruments were to monitor both the actual implementation of CBC materials in the Pilot Schools and the progress on associated validation tasks by persons and agencies responsible for those tasks.

Conduct of Validation Monitoring

Monitoring of the validation extended throughout the school year. To monitor CBC in the schools, the principals or a designee visited each validating teacher's classroom at least once during the year to verify that the teacher was using the CBC materials and approach. These data were compiled and reported.

The validation strategies monitoring instrument was distributed to each group with validation task responsibility at least twice during the validation development and conduct periods (August-November 1977 and January-February 1978). The instruments were completed by task leaders and returned to the DRE for analysis. The completed instruments included all documentation relevant to task completion or postponement. Following receipt of completed instruments, during each cycle, the DRE staff analyzed the status of all validation tasks and composed a status report on validation task completion for the Superintendent of Schools and the CBC Coordinating Team. The reports were intended to inform decisionmakers of the progress of validation as well as to provide information which might be required for any necessary remedial action.

Validation Results

Overview

The validation plan for the English/language arts and science curricula was organized into three phases: 1) prior to distributing the materials for tryout, 2) during tryout in the Pilot Schools, and 3) time of revision after tryout. Prior to trying out the materials a careful examination of format and organization was made. During the tryout or field-test phase in the Pilot Schools, information was gathered on student acquisition of each behavioral objective, evidence of the CBC approach being applied, and teacher feedback and comments on the effectiveness of each objective. The revision phase must be based upon the identification of material in need of alteration or replacement as a result of the analysis of the data. Because of the nature of the CBC materials, four components are subject to alteration or replacement: behavioral objectives; instructional activities; assessment tasks; and hypotheses of learning dependency. The validation results are intended to provide the identification of the materials in need of revision or replacement.

The Learning Hierarchies

The instructional triads (one behavioral objective, two instructional activities, and three assessment tasks) for each strand or category within a curriculum area have been sequentially arranged from simple to complex to form learning hierarchies. The learning hierarchy begins with the entry level objective(s) and moves upward to the terminal objective(s). Data was collected and compiled, and statistics computed showing the number of students who attempted the objective during validation, and the percent of students who mastered the objective by successfully completing all three assesment tasks.

Each hierarchy is organized into units of dependency called hypotheses of learning dependency, or HLD's. The principle applied to the design of every HLD is that the immediate subordinate objectives must be mastered before the terminal objective can be mastered.

Analysis of the Instructional Triads

There are at least two choices in constructing a data analysis for each learning hierarchy in the English/language arts and science materials. An analysis could be mounted, triad by triad (i.e., competency by competency), followed by examination of each HLD. A second choice is to examine the validity of each HLD first, and then focus down upon the instructional triads.

The second method was adopted since there is a useful economy in it that is not present in the first strategy. In the hierarchy analysis, one or more unneeded behavioral objectives may be identified. The appropriate decision for treating an unneeded behavioral objective is to eliminate that behavioral objective and its associated instructional triad from the CBC instructional program. This is the tactic whether the instructional triad individually is successful or not. The prime objective for each learning hierarchy is to assist all students in the acquisition of the terminal objective(s) of the hierarchy in the most efficient manner possible. The economy of the HLD analysis is achieved by not wasting time analyzing an instructional triad which has been established as unneeded in the learning sequence.

Because the fundamental organizing element of each learning hierarchy is the HLD, the HLD results are examined first starting from the entry level and working up to the terminal objective(s). Three relationships are examined for each HLD: adequacy, consistency, and completeness. The adequacy relationship ratio assesses the correctness of the inference. "If a learner possesses all of the immediate subordinate behaviors of the HLD and has been given two complete instructional activities designed to aid the learner in the acquisition of the terminal behavior of the HLD, then the learner will possess the terminal behavior of the HLD."[1] The consistency relationship ratio assesses the correctness of the inference, "If a learner possesses the terminal behavior of the HLD, then the learner possesses all of the immediate subordinate behaviors of the HLD."[2] The third relationship in an HLD, completeness, assesses the correctness of the inference that the learner can successfully enter the HLD at the prescribed instructional level.[3]

The standard of .80 is established for the desired level of each of the three relationships within each HLD. This standard is commonly used in the initial validation of learning hierarchies. The .80 level should not be viewed as the desired level when the curriculum is finally completed, because with the .80 standard, 20% of the learner population is unaccounted for. Yet, for the first revision, .80 is quite workable. More severe demands should be made on each HLD with each new tryout, ultimately working to .95 or higher. Failure to meet the established standard .80 in this analysis, on any one of the three relationships, indicates that the HLD is in need of revision.

In addition to the analysis of each HLD, an analysis is made of each instructional triad in which the behavioral objective was not mastered by at least 80 percent (.80 standard) of the students. This is especially essential for hierarchies with few HLD's. When it is found that less than 80 percent of the students have mastered an objective, each assessment task and instructional activity should be checked for: item errors or poor items; performance agreement of triad components; clarity (teacher ratings); appropriateness (teacher ratings); power level (puissance index); reading complexity (SMOG grade); and materials or equipment required for instruction.

During the school year 1977-78, the CBC materials were validated, using the methodological analysis described above, in 21 D.C. elementary and junior high schools. Sixty-nine teachers in grades 1-9 instructed approximately 1,300 students using the CBC approach and newly developed English/language arts materials. Sixty-eight teachers in grades 1-7 instructed approximately 1,600 students using the CBC approach and newly developed science materials.

The coefficients of the three criteria—adequacy, consistency, and completeness—and the percentage of acquisition of each objective were used as the basis for identifying problem instructional triads and for recommending revision of the English/language arts and science curriculum materials. Of the approximately 184 instructional triads validated, using a combination of the analysis strategies, a substantial number required no revision. For those instructional triads for which revision was recommended, secondary data analyses were done to identify the most likely cause or causes for the need to revise. This information was forwarded to the curriculum writers who made the revisions.

Summary

An overriding concern throughout the planning, conduct, and analysis phases of the task of validation of the CBC materials in English/language arts and science was that the effort be structured so as to yield practically applicable, as well as conceptually reliable, research results. Hence, during the planning phases particularly close attention was paid to the potential uses of information to be collected. In this context, the study focused on the provision of feedback information to curriculum writing specialists. The information was collected, analyzed, and reported in such a manner as to facilitate its use for making necessary revisions in materials already developed, and for guiding the development of additional materials for use in the D.C. public schools. It should be noted that this objective was attained as indicated by the fact that feedback information has been utilized by the curriculum specialists in their ongoing curriculum development efforts.

A second major concern of the DRE staff and others involved in the validation was the development of a replicable curriculum validation model which, with minor contextual alterations, could be used widely for curriculum validation in the future. Hence, the curriculum validation effort, in addition to meeting the objective of trying out the English/language arts and science materials in the schools, provided the opportunity to develop and test a workable, replicable curriculum validation model. Based on analysis of the 1977-78 effort, the model is, in the judgment of the DRE staff, now operational and available for others to use in curriculum development, testing, and implementation efforts.

Findings

The CBC English/language arts and science curriculum materials developed by the District of Columbia schools were validated in 21 elementary and junior high schools during the period from November 15, 1977 to March 31, 1978. This period of validation amounted to approximately 16 weeks of instructional time excluding holidays. Sixty-nine teachers instructed 1,296 students using the CBC approach and newly developed language arts materials. Sixty-eight teachers instructed 1,588 students using the CBC approach and newly developed science materials.

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[1] Cook JM and Walbesser HH. *How to Meet Accountability.* Beltsville, Maryland: Walbesser and Associates, 1973, p. 120

[2] Ibid. p. 120

[3] Ibid. p. 121

The coefficients of the three criteria—adequacy, consistency, and completeness—and the percentage of acquisition of each objective were used as the basis of revision of the English/language arts and science curriculum materials. Of the approximately 184 instructional triads validated, a substantial number required no revision. For those triad components found to be in need of alteration, specifications for modifications were enumerated. In addition, detailed analyses were given for both an instructional triad and an HLD in need of revision.

Specific objectives requiring attention in the revision process were identified and communicated to the curriculum developers, who, as noted previously, had already undertaken materials revision activities based on the findings of this study.

Conclusions

Although, as previously indicated, some revision and further development of the validated materials may be required, the general finding of this study, based on the validation results, is that implementation of the competency-based curriculum is feasible. Among other things, the validation study has pointed out that: 1) the CBC materials seem generally to appeal to both students and teachers according to teacher ratings; 2) while the CBC approach provides a useful instructional framework for teachers, it also includes the latitude for the development and implementation of creative approaches to teaching; and 3) by virtue of its structure, the CBC approach provides students with a clear understanding of the behaviors they are expected to acquire. In summary, the CBC materials and approach developed by the school system have the potential to make a substantial impact on the overall improvement of public school education in the District of Columbia.

Some comments on the Competency-Based Curriculum and personalized instruction

THOMAS J. WERNER AND ROBERT S. RUSKIN

TRADITIONALLY, those in editorial positions at the *Journal of Personalized Instruction* have avoided using the *Journal* as a vehicle for expressing their own thoughts on instruction. We have felt that to do so would be to inject personal biases into a publication which should and has remained free of such implicit control. This is not to imply that we do not have strong feelings about the course and direction of instructional innovation in American and world education.

Over the last three years of the *Journal*'s existence, we have seen all too often the constant "reinvention of the wheel," both in the form of submitted research and in the form of personal inquiry. We have also noted with apprehension and, frankly, some annoyance, that some instructional innovators continue to approach their work with the seeming purpose of discrediting an existing form of innovation rather than building and enhancing that which currently exists. There was a time when this strategy was needed—instructional systems identified with every conceivable acronym seemed to be presented almost monthly to the educational community. Most of these systems were highly idiosyncratic to the developers' own instructional settings and experiences, and quite often only anecdotal evidence could be reported. After the glowing testimonials subsided, an innovation would often pale and eventually disappear under the weight of empirical investigation.

We hope that these days are over. The educational community has now become sophisticated enough to be able to glean the best of many forms of instructional innovation, pick what most meets specific needs and goals, and, with reasonable care, develop appropriate instructional systems.

It has been our intent in this special section of the *Journal* to explore commonalities between two of the more widely used current forms of instructional innovation. These systems, personalized instruction and competency-based instruction, will be examined through the specific description of one of the nation's largest competency-based programs, the District of Columbia Public School System's Competency-Based Curriculum (CBC).

The purpose of this article then, is 1) to note some of the similarities between CBC and personalized instruction and to comment on the value of each system for instructional developers; and 2) to suggest wider use of an empirically oriented model for the analysis of both new and existing instructional innovations.

The Competency-Based Curriculum

Although CBC has been examined in detail elsewhere in this issue, it would be worthwhile for the purposes of this discussion to describe it briefly. CBC is a response by the District of Columbia public schools to a mandate from the D.C. Board of Education to provide a comprehensive instructional program for grades pre-kindergarten through 12, enabling students to attain the competencies necessary to function as successful individuals. The large-scale goals of

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T. J. Werner is Research Associate, Center for Personalized Instruction, Georgetown University, Washington, D.C. 20057, and a Special Section Editor for this issue of the *Journal*. R. S. Ruskin is Director of the Center for Personalized Instruction and Editor of the *Journal*.

CBC are to focus on the abilities and attitudes necessary for students to function successfully; to translate those abilities and attitudes into performance tasks: to make instructional alternatives available to students; and to develop in each student a positive self-concept. The school system has described five broad categories of skills considered necessary for successful living in the modern world: communication skills, consumer/producer skills, analytical skills, social and political skills, and self-actualization skills. In addition, these categories have been even more finely delineated into a set of educational goals for each student. The school system has produced an entirely new instructional program to meet these needs.

Each behavioral objective in the new curriculum is assigned at least two instructional activities and at least three assessment tasks. This combination of elements, called an instructional triad, is the basic unit of instruction in CBC. The new curriculum is actually a continuous sequence of numerous instructional triads in each subject area. After specifying behavioral objectives, the curriculum materials describe in detail two instructional activities designed to foster the acquisition of a specified skill. Each description includes an overview of the topic, suggested teaching techniques, learning materials needed, and exercises for the students. The three assessment tasks provide opportunities for students to demonstrate their degree of proficiency in the new skill. All three tasks require the skill specified in the behavioral objective.

Curriculum materials have been produced and distributed to a percentage of D.C. teachers and serve as the basis of classroom instruction. Instructional techniques and strategies vary throughout the curriculum. Many teaching methods are used, including group-oriented and individualized instruction, and both instructor- and student-pacing. Instruction is transmitted through the written word, oral presentations, and audio-visuals and other media. High criteria for performance are emphasized and are individually determined for each triad.

CBC represents a deliberate decision by the D.C. public schools in favor of competency-based *instruction* over competency-based *testing*. Rather than testing high school students prior to graduation and presenting diplomas contingent upon adequate performance, the D.C. schools have begun teaching competencies throughout all grades. The basic theme of CBC is to teach competencies rather than simply measure their presence or absence. CBC is designed to be a comprehensive, systematic, empirically-based instructional program. Instruction and evaluation are related to stated behavioral objectives. Behavioral objectives, instructional materials and activities, and means of assessment are evaluated and revised on the basis of student performance. Both norm-referenced and criterion-referenced tests are employed to measure student progress and guide future instruction. Norm-referenced tests compare the achievement of D.C. students with all public school students in the country. Criterion-referenced tests provide information about the effectiveness of the curriculum by measuring students' achievement with respect to specific competencies.

CBC and personalized instruction share a number of common features. Although direct comparisons are difficult (because one is a systemwide, public school curriculum, while the other is a system of instruction originally designed for single-classroom implementation in higher education), a discussion of their common aspects may provide a common perspective.

First, both methods represent systematic, empirical approaches to instruction. Objectives, or competencies, are precisely specified and provide the basis for both instruction and evaluation. Materials, techniques, and components are revised on the basis of student performance. Second, individual attention and instruction is critical to the success of each. Instruction is responsive to the individual performance and progress of each student rather than to the class or school "average." Grading on the normal curve and competition among students are deemphasized in favor of high performance by *each* student with respect to *each* objective. Criticism and failure are avoided in each system and replaced with encouragement for progress and opportunities for remediation without penalties; positive rather than aversive consequences occur during learning. Evaluation is used primarily to diagnose difficulties and permit the demonstration of successful learning, not to select, label, or categorize students. Third, both systems are committed to instructing the "whole" student, i.e., arranging for student learning in areas not commonly considered "cognitive." Indeed, the stated goals of CBC involve the development of a positive self-concept in students, as well as competencies in areas such as the arts and consumerism. Personalized instruction also includes features such as student proctoring and flexible pacing, which are designed to develop students' social and self-management skills.

A Challenging Environment

Instructional innovation in the public schools should be of great interest to instructional designers at all levels of education. The educational environment of the public schools is varying and complex, and in many cases the challenges faced by instructional developers in the public schools are quite different from those faced by professionals in other levels of education, particularly higher education. The solutions to instructional problems in the public schools should be of great value to all educators because of the types of problems faced. This section will present a brief discussion of these special characteristics of public education in the hopes of furthering the reader's understanding both of CBC and of the problems associated with public education.

It is unfortunate that public education is often viewed simply as instruction in the basic skills ("the three R's"). In reality, the public schools are charged, either formally or informally, with other important tasks in addition to the teaching of basic skills. The following examples may give the reader some insight into the areas of behavior that are generally considered to fall into the realm of public education. Our schools are charged with providing children with the basic socialization necessary to academic progress, e.g., how to sit still, how to behave in a group, etc. In addition, communities often depend on the public schools to contribute to the ethical development of its young people; in teaching children not to cheat and to help others in the school setting. Public schools are often asked to accept the responsibility for teaching students about national and cultural holidays, sponsoring and encouraging the appreciation of art and music, and generally maintaining interest in civic and cultural activities. Public schools must also provide extensive psychomotor training, such as handwriting and enhancing artistic abilities, as well as to design instruction related to many important affective objectives, e.g., love of one's country, respect for authority, etc.

Many instructional variables (particularly those related to individualization) are affected by the public schools' responsibility for the physical care of students during the working day. For example, policies related to flexible pacing, such as withdrawals and incompletes, become difficult to establish or maintain in a school system which is responsible for a student's physical presence and well-being for several fixed hours each day. Generally, a student must remain the responsibility of a teacher in a public school regardless of progress in a course; withdrawal or failing to complete a particular program of study does not necessarily mean physical removal from the class. Although a student may earn free time through successful performance in a program with a flexible-pacing component, the student must remain the school's responsibility. Grading and promotional policies are similarly affected. Another type of problem is that presented by the complex scheduling of classes necessary to operate a public school efficiently. For example, although a public school would seem to offer substantial opportunities for cross-age tutoring, these types of activities place tremendous pressures on schedules which already may be complicated. The organization and policies which are successful in surmounting these problems would be most useful to instructional developers.

Instructional development may be greatly helped by the study of motivational factors offered by instruction in the public schools. Public education spans grades pre-kindergarten through 12, thus the ages of approximately 5 to 18. Motivational factors may change dramatically during those years. In fact, motivation may change significantly for the same student in a matter of weeks or days. This situation is quite different from that in four-year colleges, where good grades and free time usually serve as constant and powerful rewards for the great majority of students. Much may be learned if instructional developers in the public schools can become sensitive to defining such changes in motivation.

Instructional technology as a whole may benefit greatly from the experiences in public schools with systemwide implementation of instructional change. Some instructional systems, such as personalized instruction, have developed through experimentation and application by individual instructors. However, the options for individual experimentation vary greatly in the different levels of education. Although college-level instructors may have the opportunity to alter instructional design, teachers in public schools are often bound by the schedules and policies of their individual schools. The organizational framework of public schools often does not permit single-teacher, single-classroom implementation. In the public schools, most instructional innovations may have to be comprehensive, "from-the-top-down" movements involving administrative and policy changes. Instructional developers at all levels of education should be able to learn a great deal from the results of such large-scale endeavors.

The Analysis of New Instructional Technologies

The similarities between CBC and personalized instruction described earlier should encourage proponents to maintain interest in each system. In addition, the authors feel that the development of CBC presents an occasion for yet a larger question. How should educators analyze and evaluate instructional systems? It seems that many educators, when confronted by a new system, check its components against those of an established system which they support, and accept or reject the new system based on the number of common features it shares with the established system. We contend that such point-by-point comparisons between the features of instructional systems tend to be simplistic and unproductive. The most obvious reason for the contention is the existence of such a large number of systems at present. Since the early 1960's, numerous acronyms representing specific systems and methods have appeared on the educational scene (A-T, CAI, IPI, PI, and PSI are a few[1]). Thus far, the highly publicized "death" of programmed instruction (PI) has been the major casualty among them. But how is the educational community to respond to those remaining? Expecting the gradual demise of various instructional systems until only one system remains seems a dramatic, but superficial and wasteful endeavor. Even the perceived death of a single method, programmed instruction, and the subsequent ignorance about its beneficial aspects, has slowed the progress of instructional innovation. Systems should not be allowed to die unquestioned or without close examination of what components may be appropriate to include in other instructional programs. In any case, point-by-point comparisons and rejections between features of different systems should be discarded as a means of analyzing instruction.

This is not to suggest that critical analysis of instruction cease or that all methods be universally accepted. The following comments by Sherman and Ruskin[2] suggest an alternative means of analyzing effective instruction which takes into account what is known about how individuals learn:

> When we focus on the individual, the conditions sufficient for learning turn out to be surprisingly simple. All that is necessary for someone to learn is: 1) a clearly specified objective that is appropriate to the learner's current level of achievement; 2) occasions for the learner to respond to the task; and 3) immediately contingent consequences, providing feedback as to the adequacy of the response. The process is that simple and it appears that when given those three conditions individuals will learn, and learn effectively.
>
> There must be a nearly infinite number of ways to arrange the relationship just described. Clearly, all effective instructional systems must accommodate individual differences; but of the many systems we might devise to meet the basic requirements for learning, is there any way to choose among them?
>
> If we add the stipulation that we want students not only to learn, but also to enjoy doing it, then we must add a fourth requirement. The system should minimize or avoid punishing contingencies and rely as much as possible on positive consequences. This somewhat restricts the system we might devise, but the possibilities still are many.
>
> There is one last goal a successful system should realize. Beyond ensuring that the student learns, and learns to love learning, he should also learn *how* to learn.

This comment suggests that effective instruction involves several important aspects or components: a) a commitment to empiricism; b) specification of what is to be learned; c) the use of positive, rather than aversive, consequences; and d) a supporting research base (implied by an empirical approach).

Any new or existing instructional system or method should be examined in light of these aspects. Instructional developers should consider systems which reflect these aspects as viable. A system which does not reflect these components may be operating with unnecessary superstition in place of empirical verification. This does not mean that any system containing these components is perfect. However, such a system, by design, should continually improve. The specific features of a given system, such as the type of media used, the criteria for performance, or the type and timing of feedback, should be determined and evaluated on the basis of the above-mentioned features. The use of these aspects or components as a model for analysis would permit communication among and integration of systems which currently exist (for no particular reason) as separate, distinct entities. It would also reduce unnecessary debate concerning specific features which alter systems physically but make little functional difference (selection of media may in some cases be an example).

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[1] Audio-Tutorial Instruction (A-T), Computer-Assisted Instruction (CAI), Individually Programmed Instruction (IPI), Programmed Instruction (PI), and Personalized System of Instruction (PSI).

[2] Sherman JG and Ruskin RS. Purpose and policies of the *Journal of Personalized Instruction*. *Journal of Personalized Instruction* 1:7-10, 1976, p. 8

In our opinion, these aspects of effective instruction require a more open commitment to what might be called the principles of learning or the principles of behavior. The field of personalized instruction, and perhaps the entire field of innovative instruction, is now sophisticated enough to portray the theoretical reasoning behind the design of instructional systems rather than sponsoring superstitious acceptance or rejection of them. An early reticence about describing the theoretical background of personalized instruction was both understandable and practical because the early users of personalized instruction usually taught similar kinds of students in similar kinds of educational settings. At that time a thorough discussion of the specific features of a given system was adequate to permit effective implementation. However, instructional innovation is now occurring in areas where instructional needs, populations, and environments vary greatly. More sophisticated analyses are required both by instructional designers and by classroom instructors. As educators plan innovative instruction for the 1980's, these widely varying instructional situations demand the most generalizable models for analysis. In the future, the phenomenon in which an instructional package is tried and permanently rejected because of temporary difficulty must be avoided. It should be made clear that the functional approach, not the specific features themselves, must serve in the case of analysis or evaluation.

Two immediate advantages would result from this approach. First, an analysis which permits the study of widely ranging types of instruction would allow communication and cooperation among the various levels and branches of instruction. Institutions in different levels of education, such as higher education and public education, could begin mutually beneficial relationships in the forms of shared conferences, publications, and personnel. Second, such an analysis would permit a more sophisticated look at more established methods, such as CAI, A/V, and certain lecture formats.[1] These methods and their continuing development require careful evaluation. Automatic judgments because of differences in structure are not appropriate. This is particularly true of instructional systems involving hardware; developments and advances happen extremely rapidly in this area and require continual assessment. A more sophisticated approach would allow unbiased analyses of these systems and their components.

Conclusion

We are *not* advocating a lowering of standards in analyzing instruction. Many types of innovative instruction are weak and do not represent better teaching. We *are* advocating a method of analysis which provides a more comprehensive, theoretically sound look at instructional systems. If anything, this analysis should create much higher standards than currently exist in most instructional methods.

We also do not feel that this article represents the loosening of standards to include "anything new" or the haphazard varying of instructional components which all of us have resisted so long. It is a call to identify openly the theoretical underpinnings upon which the "key features" rest.

Empirically based research and development at the public school level will produce a most effective instructional system in time, undoubtedly incorporating the best aspects of both what we now call personalized and competency-based forms of instruction. It is not important what we call the system that will emerge, but how effective the method is in educating our youth.

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[1] Computer-Assisted Instruction (CAI) and Audio-Visual Instruction (A/V).

The **Chairman**. Thank you very much, Doctor.

The committee will stand in adjournment.

[Whereupon, at 12:20 p.m., the committee adjourned, to reconvene subject to the call of the Chair.]

PROBLEMS IN URBAN CENTERS—WASHINGTON, D.C., AND THE FEDERAL GOVERNMENT ROLE

WEDNESDAY, JULY 30, 1980

House of Representatives,
Committee on the District of Columbia,
Washington, D.C.

The committee met, pursuant to notice, at 9:40 a.m., in room 1310, Longworth House Office Building, Hon. Ronald V. Dellums (chairman of the committee) presiding.

Members present: Representatives Dellums and William H. Gray III.

Also present: Elizabeth D. Lunsford, general counsel; Donn G. Davis, Dietra L. Gerald, and Robert B. Brauer, staff assistants; James T. Clark, legislative counsel; Hugh Van A. Starkey, and Chris J. Daly, minority research analysts.

The Chairman. The House Committee on the District will be in order for the continuation of hearings on the conditions of urban centers, including Washington, D.C., and the Federal Government's role in solving these problems.

We are continuing the effort to enlarge our perception of urban problems by hearing from persons at both the local and national level who have devoted special attention to the problems most common to urban centers.

I would like to welcome my friend and fellow Californian, Representative Augustus Hawkins, on behalf of myself and members of the staff and committee. We are deeply appreciative of your coming before the committee and welcome you. You may proceed in any fashion you choose.

STATEMENT OF HON. AUGUSTUS F. HAWKINS, A U.S. REPRESENTATIVE FROM THE STATE OF CALIFORNIA

Mr. Hawkins. Thank you, Mr. Chairman.

I have submitted a prepared statement to the committee which I will try to follow basically, but summarizing in some instances and elaborating in others.

I appreciate this opportunity to appear before you, Mr. Chairman, because of your own career, I believe, which is certainly exemplary, and I certainly wish to commend you on conducting these hearings. Unfortunately, there is too much substance that seems to be in hearings of this nature, and we seem to be carried away, particularly the media, by that which is sensational, rather than the real substance in society, and it is for that reason I wish to commend you, because there is very little glory and honor and prestige in doing what you are doing, but I think it is a commendable thing to be doing, and certainly wish to support your efforts.

The **CHAIRMAN**. Thank you.

Mr. **HAWKINS**. In many months we have been groping, as you well know, for remedies to the serious economic problems facing us as individuals, families, minorities, in the major cities throughout America.

It seems to me, however, that we have been applying bandages to conceal the wounds that have been deliberately inflicted. And without going too deeply into these bandaid programs, let me describe what I consider to be the more basic defects in current economic policies about which very little truth is being told.

The fact of the matter is it seems to be that problems are not nearly as complex and difficult as we are being led to believe. In the past, we have met much more difficult problems and have done a much better job than we are now doing, and I refer specifically to the administrations of Franklin Delano Roosevelt, to the problems faced by Harry Truman, and certainly to the challenges faced by John F. Kennedy.

In a sense, if we did nothing more than simply stop doing the things that are wrong, we would contribute a vast improvement, and it seems to me that this doesn't take a lot of creativity; it doesn't take courage; it really doesn't take a lot of rhetoric, but if we could just stop creating unemployment, increasing prices, handing out tax gifts, miseducating the disadvantaged, and cutting back on production, restricting the supply of goods and services, and failing to utilize our resources, both our human as well as our material resources. Some 14 million to 20 million Americans today are either unemployed or pathetically underemployed. We have less than an 80 percent plant utilization in America. At a time when we are talking about tax incentives to increase plants throughout the country, we are not fully utilizing those that are already in place.

There are two things, it seems to me, that combine to make a situation of this nature possible. One, politics has been called the art of obfuscation, and equally in ill use, economics has been referred to as a dismal science, and it seems to me that these two defects have been crossbred in order to carry on what I think is both immoral and uneconomic and certainly, in many instances, an unlawful exercise of authority.

Because from an economic point of view, it makes no possible sense not to fully utilize the resources at our command. To allow millions of individuals to be partners in our society who produce absolutely nothing, but who we attempt to maintain in income, is not supportable by any brand of economics, and certainly it seems to me it should not be supported politically.

Recently we have committed two serious errors. We have covered up these political mistakes by trying to blame the failure on foreign competition, on OPEC, on the weather, and many times even on the unfortunate victims of these policies. Now, obviously all these factors have had some role to play, but we seem never to reflect on the very policies that create the problems for which those whom we elect to public office are responsible, and we don't hold accountable those who make these policies.

But we have recently, as you well know, Mr. Chairman, indulged in a lot of rhetoric about balancing the budget, and in that way to somehow limit inflation. It was designed to remove the deficit, but it is now obvious that it has created a deficit larger than what might even have been anticipated, and yet there is very little explanation of it now. The approach failed, but do we go back and admit that it is a failure; do we go back and say, look, in restricting expenditures through the budget, were we wrong? No, we don't do that. We just take this failure, and then we are going to cover over that failure with another proposed failure, which is a tax reduction program, and so it just seems to me that we are really not facing the basic things that are wrong in the economy.

HUMPHREY-HAWKINS FULL EMPLOYMENT BILL

Now, we discussed for several years, Senator Humphrey and I, for at least 2½ years with the administration, both when President Carter was a candidate, as well as after he became President, in 1977, we discussed the question of clarifying the overall economic policy, and we negotiated many differences; we made many changes. As a matter of fact, there were those who said that Senator Humphrey and I sold out; that we accepted too many amendments; that we reduced the Full Employment and Balanced Growth Act to almost a nonentity, but the fact remains that it did become law; the fact remains that the President did sign it; and the fact is that we therefore entered into an agreement as to a clear-cut national economic policy that is on the statute books; that is not subject to changes from day to day; that is not subject to what happens between the White House and Camp David, or between the House and the Senate, but which has been agreed to.

UNEMPLOYMENT AND INFLATION

Now, I think it is important to understand what we agreed to. We agreed that the mandated goals of achieving 4 percent unemployment and 3 percent inflation, both by 1983, were achievable. We discussed this for a long time. There were those who said that we could not achieve 4 percent unemployment as an interim goal without inflating the economy, but we were able to convince the administration and the Congress that we had done so under the Truman administration, under more difficult situations when technology was not nearly as developed as it is now; that in 1961, under John F. Kennedy, that these goals, without being required by statute, were set as the objectives of his administration, and we achieved the results much better than even these which were inserted into the bill. And we debated about the time element. We started out with 18 months and to make adjustment to meet the President's desires, we made it 4½ years, which would make it 1983.

And what has happened? The President recently modified the timetables, unlawfully, because the act does not give him the authority to do so, only to recommend; and he is traveling in the opposite direction. It is the same as having possibly decided on a trip from Chicago to New York and you travel westward to Denver; it is just as silly as that. But you don't even travel in the right direction.

We agreed to prohibit the tradeoff, to outright declare unlawful the use of the creation of unemployment in order to fight inflation, and yet this is a main weapon which has been used against inflation.

AIMS FOR ECONOMIC GROWTH

Third, we agreed to foster economic growth adequate to achieve the mandated goals. Now historically on a long-range basis and economic growth rate of somewhere between 4.4 and 5 percent has been accepted by practically every economist as being the minimum average which is necessary for the growth of a nation such as ours for population growth, alone as well as for technological improvements.

But what has been the result? Under this administration we have had less than 1 percent growth on an annual average, and now have negative growth. As a matter of fact, during the second quarter of this year, it was down 9 percentage points.

FEDERAL BUDGET AND MONETARY POLICY

Fourth, we agreed to make the Federal budget and the Federal Reserve Board's monetary policy compatible with the act's objectives, that is, with achieving the goals that would be consistent with the policies and goals of the act. And what have been the results? We have had fiscal restraint, tight money policies and high interest rates.

This has resulted from a Federal Reserve Board, a majority of the members, as well as the chairman, have been appointed by this administration, so we assume they were named to carry out the policy of this administration, but here is the Board which the President, himself, has obtained control over because of his appointments, and yet it has added to inflation; it has increased the deficit; and it has deprived us, including the cities, of much needed revenues.

And, finally, we agreed if all of these policies which we had agreed to, if they were not fully implemented and in operation within 2 years after the signing of the act, which would be the end of this fiscal year, that the innocent and neediest in our society would not suffer in consequence of it. Now, why is it that we are not willing to say that if you give us the authority to make policy, and if you give to the private sector every type of assistance to do the job, and we do all of the things that are necessary, that within a period of 2 years, if we fail, why is it that some unfortunate individual who goes to the employment service looking for a job is told that there is no such job available; why is it that that individual, and millions such as that, must suffer as a result of those policies?

STANDBY PROGRAMS

In the act originally, Senator Humphrey and I had civil penalties in order to invoke in most instances where individuals responsible for the policies failed to perform in accordance with the act. The President objected to such mandates, and we said no, OK, then, in its place we will place these standby programs so that in the event the job is not done within a period of 2 years, that these victims will not be the ones to suffer, and that is exactly what we placed into the act.

But what has happened? At the end of that 2-year period, the President has already recommended a reduction in these standby programs that are in the act so that, in effect, it is not only in violation of the act, but it is, it seems to me, one of the most immoral and irresponsible possible approaches to what we would think would be a very, very simple problem.

NATIONAL ECONOMIC EMERGENCY

Now, not content with this and in the consequence of such misguided experience, we are now faced with a national economic emergency, and we have to face, it seems to me, not as candidates, not as people outside talking about what those who are in are not doing. Most of us, including the President, are facing it as incumbents in the office, and it seems to me that we have to approach this national economic emergency in terms of leadership that can do something about it, and it seems to me it ill behooved us to be criticizing those who may be opposing us as to what is wrong with what they are advocating, if what we are doing is not obtaining results.

ECONOMIC COMPARISONS, 1976 AND 1980

Now, what is the situation today, compared to what it was in the 1976 elections, and in 1977, when the current administration began, and when most of us also were in office.

In 1976, under the previous administration, that is, of President Ford, the economic growth rate was 5.9 percent. Here it is we are in a campaign challenging President Ford, and I was among those, at a time when the growth rate of the country was 5.9 as compared with a negative growth today, and we were recovering from a deep recession in that year, as you will recall. In 1980, we have a negative growth rate.

In 1976, the unemployment rate was 7.4 percent, and it was declining, and we were criticizing Mr. Ford because of the high unemployment rate. It is now 7.7 and the President projects the rate will rise to 9 percent and remain at 8.5 percent for another year.

Now that is substantially higher than the current rate, and it certainly is more than 1 percent higher than under the previous administration that we said was failing us.

These statistics do not adequately describe the human and emotional suffering that is caused by this lack of a healthy economy. Prof. Harvey Brenner, of Johns Hopkins University, has found that a 1-percent increase—that is what we are talking about now, an added 1 percent, another 1 percent, and what it means—it means according to his studies, and these studies are backed up by the National Institute of Health, by studies in Cook County, Ill., and Ann Arbor, Mich., and others that time would not permit me to elaborate on, but they are substantially backed up, that a 1-percent increase in unemployment rate that we are now talking about will mean 20,210 deaths from cardiovascular disease, 495 deaths from sclerosis of the liver, 920 suicides, 647 homicides, 4,227 first-admissions to State hospitals, and 3,340 admissions to State prisons.

Now, from an economic point of view, it means to the city as well as to individuals, a loss of revenues. It means that inflation will mean an increase in fuel cost and the other things that cities and individuals buy. It means added expenditures on welfare and other recession-related costs, and it means in terms of interest rates which are being supported by the Fed and this administration, it means a tremendous forfeiture of money which we can ill afford to spend in this direction.

Furthermore, in 1976, inflation was approximately six percent. This prompted candidate Jimmy Carter to charge the Republicans with mismanagement, and I quote him. He said:

> The Republicans have become 6 percenters on inflation. They ask us to accept that rate, to think of 6 percent as normal, to be glad it isn't worse. But the fact is that it is a terrible, unacceptable rate, and that their own mismanagement has caused it. The Republicans have tried to halt inflation by slowing down the economy—by putting people out of work—and that policy has been a dismal failure.

Now that is quoting the President on precisely the type of policies that he is now using against not a 6-percent inflation, but an inflation which, as we well know, is in the double-digit range, and which is certainly going to remain there in the foreseeable future.

Upon assuming office in 1977, the President did not hesitate to advocate an economic stimulus program that included a rather substantial increase in public service jobs, in public works, in countercyclical revenue-sharing programs and various tax proposals. And as we well know for a year and a half, almost 2 years, his stimulus package worked very successfully, and they now take credit for those successes that were accomplished as a result of taking this decisive action in 1977.

And we might ask the question: why does he not have the courage to offer a program today when conditions are much worse, when we have 4 million more persons unemployed today than in 1977? We might better ask: why is he reducing those programs, the very programs that he advocated in 1977, that succeeded, and why, then, is he proposing a reduction in those programs today when the conditions are much worse?

ECONOMIC CONTROLS NEEDED

Mr. Chairman, on the next page and a half I have outlined a number of antirecession programs that I believe will help to meet the crisis in which we are now engaged, including comprehensive across-the-board controls. Now I know that there are those who very much are opposed to controls. However, we have indicated that if the choice is between controls, on the one hand, and the use of the tradeoff with all of the costs, economic and human costs involved in a tradeoff, then it would seem to me that not only would controls be more economically sound, but certainly more morally just, and the justice that would be evolved as a result of this certainly far outweighs the temporary difficulties with controls.

Controls have, however, worked in the past. They worked under the Truman administration; they worked during the Korean crisis. It all depends on the composition of controls, how broad they are, the way they are administered, and basically whether or not the controls are accompanied by also drastic changes in monetary and fiscal policies that are compatible with the controls.

This was not done under the Nixon administration, because Nixon didn't believe in controls, but they have worked, and we believe they can work.

BALANCED GROWTH PROGRAMS RECOMMENDED

Now I have also attached to my statement a list of specific immediate steps that can be taken to fight inflation and generate economic growth at the same time, so that we don't have to make the choice between one or the other. These objectives can be served simultaneously.

As you well know, Mr. Chairman, these specific steps were submitted to the President by the Congressional Black Caucus. We have yet to have an answer from that particular conference. But they merely indicate that there are specific steps that can be taken and should be taken.

Let me just simply summarize in one or two paragraphs. What I really have said in a sense, and I have directed it at general overall economic policies, how they affect individuals as well as cities, and it just seems to me that we have to stop talking about these programs on a detached, isolated basis. They must be handled on a comprehensive basis. It must be handled, it seems to me, within the context of the overall economic policy, and it just seems to me that our friends who are the governing heads of the major cities throughout America have a tremendous responsibility.

UNEMPLOYMENT

Mayor Young, in Detroit, has a 29 percent unemployment rate in his city. New York, under Mayor Koch, has the second or third largest unemployment rate in the country. The same is true of Los Angeles, and the innercity of Atlanta and all the other cities, and I might have included Washington, these governing heads who seem so prone to go to the White House and to be entertained apparently have very little influence on current policies. They certainly don't have any influence on the President, because they are supporting his policies, and yet find themselves in the embarrassing situation of trying to apologize for the unemployment and the other problems within their particular cities.

CHANGE IN ECONOMIC POLICIES

But in summarizing, what I have attempted to say is that the first step needed is a drastic change in current economic policies that have failed six times already. So there is no need talking about individual programs, the youth initiative, or adding 100,000 or 200,000 jobs to CETA, or any of the other programs. There is no need talking about programs; they are helpful, but the losses that have been sustained as a result of the economic policies are so great that these structural programs are insignificant, and those who sell out these small favors, in my opinion, do an injustice not only to their constituency, but certainly to the country.

The first step, therefore, I think is a drastic change in current economic policies. We must have balanced economic growth if we are to reverse current trends. Balanced economic growth means basically that we have to improve consumer outlays; that means the purchasing power of the average individual. This is two-thirds of the components that go into the gross national product, so we may provide some tax investments; we may provide some additional public outlays, but two-thirds of the factors that influence the general situation, that is, the gross national product, due primarily to the fact that consumers have money in their pockets, and that is what we have to concentrate on.

Finally, we must pursue a balanced economic growth not only to bring us out of this recession, but also to address the structural problems in our economy. In other words, we have to do both. We cannot afford to address the problem of structural unemployment with bad economic policies, bad monetary and fiscal policies, but we have to do them both together, and unless we do them both together, it seems to me that there is no future that is anything other than bleak.

Again, I wish to commend this committee because I believe that this committee is helping to turn this thing around, and I certainly want to express the appreciation of having this opportunity to present my own views.

Thank you.

[Mr. Hawkins' complete statement follows, together with the Congressional Research Service of the Library of Congress study referred to, entitled "Recessionary Labor Market Changes and Remedial Programs":]

PREPARED STATEMENT OF HON. AUGUSTUS F. HAWKINS

In recent months in groping for remedies for serious economic problems facing individuals, families, minorities, cities and others, we have literally applied bandages to conceal wounds that have been deliberately inflicted.

Before discussing these band-aid programs, let me first describe what I consider to be the more basic defects in our economic policies, about which we haven't been told the truth.

The fact is, solutions are not nearly as complex and difficult as we are told. A lot of improvement could result, if only we would stop doing a lot of wrong things: creating unemployment; increasing prices; handling out tax gifts; mis-educating the disadvantaged; cutting production; restricting supply of goods and services; and failing to fully utilize our resources.

Politics as profaned by certain irresponsible individuals has been called the art of obfuscation.

In equal ill-use by some, economics has been referred to as "a dismal science."

What we are suffering from now in the mismanagement of the economy is a crossbreed of these two defective approaches.

From an economic point of view, it makes no sense for an Administration in power to create unemployment and lead us into a deepening recession because its misdirected anti-inflation program hasn't worked.

It becomes equally reprehensible when these mistakes are covered-up by political machinations in which the blame for failure is heaped on foreign competition, OPEC, the weather and even the unfortunate victims of bad policies.

And then, to make the suffering more palatable, a host of cosmetic programs are instituted to buy-off political support with grants, contracts, jobs and other favors. It is a well-publicized stunt of giving people back a small amount of what they are rightfully entitled to in the first place.

The fact is, free and open debate in and outside Congress, on a national economic policy preceeded the adoption of the Full Employment and Balanced Growth Act of 1978.

NATIONAL ECONOMIC POLICY

As a result, we evolved a new and clear-cut overall national economic policy. Among other things:

1. We agreed that the mandated goals of achieving 4 percent unemployment and 3 percent inflation—both by 1983—were achievable.

The Result: The President has modified the timetables and moved in the opposite direction.

2. We agreed to prohibit the trade-off as a means of fighting inflation.

The Result: The trade-off is the main weapon being used against inflation.

3. We agreed to foster economic growth adequate to achieve the mandated goals.

The Result: We have had less than 1 percent growth on an annual average, and now have negative growth.

4. We agreed to make the federal budget and the Federal Reserve Board's monetary policy compatible with the Act's objectives.

The Result: We have fiscal restraint, tight money and high interest rates . . . which have added to inflation, increased the deficit and deprived us (including the cities) of needed revenues.

5. Finally, we agreed that if the policies were not fully implement and in operation within two years, the innocent and neediest in our society would not suffer in consequence of our failure. We agreed that stand-by last resort programs would be activated as needed.

The Result: We have had redistribution of income and wealth in the wrong direction: diminishing real purchasing power at one end of economic scale and windfall profits at the other end.

Thus, on all scores, the Administration has violated the 1978 Act and in consequence, has brought on what may become the worse economic recession since the 1930's.

Not content, however, with this disaster, matters are made worse by the recent use of fiscal-restraint-to-achieve-a-balanced-budget policy, which as we had predicted in various statements and reports to the House, has failed miserably.

Then, without admitting this failure, it is now proposed that we cover it up with tax reductions (the 11th such tax reduction since 1953), that will in all probability be as regressive as the 1978 Tax Act which President Carter signed two years ago.

In consequence of this misguided experience, we are now faced with a national economic emergency that we should face as elected incumbents, rather than deferring until next year, as if we are candidates that can do nothing until elected or reelected. We—including the President—are not the "out gang" seeking to "get in" to clean up the mess that somebody else has made. Each of us is accountable for the results of current policies, to the extent we support those who are defending the current economic course.

ECONOMIC COMPARISONS, 1976 AND 1980

In 1976, under the previous Administration, the economic growth rate was 5.9 percent, and we were recovering from the last recession. Now, in 1980, we have a negative growth rate!

In 1976, the unemployment rate was 7.4 percent and declining; it is now 7.7 percent and the President projects the rate will rise to 9 percent and remain at 8.5 percent for another year!

These statistics do not adequately describe the human and emotional suffering caused by the lack of a healthy economy.

Professor Harvey Brenner, of Johns Hopkins University, has found that a 1 percent increase in the unemployment rate means: 20,210 deaths from cardiovascular disease; 495 deaths from sclerosis of the liver; 920 suicides; 648 homicides; 4,227 first admissions to state hospitals; and 3,340 admissions to state prisons.

These are the human costs of a low or negative growth economy.

Furthermore, in 1976, inflation was approximately 6 percent. This prompted candidate Jimmy Carter to charge the Republicans with mismanagement. He said, "The Republicans have become six-percenters on inflation. They ask us to accept that rate, to think of 6 percent as normal, to be glad it isn't worse. But the fact is that it is a terrible, unacceptable rate, and that their own mismanagement has caused it. The Republicans have tried to halt inflation by slowing down the economy—by putting people out or work—and that policy has been a dismal failure."

Upon assuming office in 1977, the President did not hesitate to advocate an economic stimulus program that included: An increase of $4 billion in local public works; an expansion of public service employment by 415,000 jobs; an expansion of training and youth programs under CETA by 346,000 positions; an increase in the countercyclical revenue sharing program; and various tax proposals.

Why is the Administration, when faced with 4 million more unemployed persons now than in 1976, in opposition to using the very programs that accounted for the Administration's successes during its first two years in office, and for which they take such glowing credit?

WHAT WE NEED NOW

We must immediately initiate the proper monetary, fiscal and structural programs which foster balanced economic growth, full production, full employment and price stability.

We must attack our problem on two fronts, however; both the short-term anti-recessionary situation and the longer-term redirection of fiscal and monetary policies.

ANTI-RECESSION PROGRAMS

First, it is necessary to take immediate action to prevent a continuation of the surge in prices. Comprehensive, across-the-board controls, if well administered and accompanied by the proper monetary any fiscal policies, are a far better alternative as a solution to inflation than massive unemployment and recession.

Additionally, at my request, the Congressional Research Service of the Library of Congress has prepared an analysis of the characteristics of the current recession, the potential responses of income assistance programs, and a review of counter-recessionary program options. A complete copy of the study is included with my statement for the record.

The CRS analysis points out that while the increase in unemployment since January is centered on the automobile and construction industries., the underlying rate of unemployment indicates serious structural problems. Thus, any job creation proposals should include both countercyclical and structural components.

This means that most of the layoffs which have occurred since January have been layoffs of skilled, usually employable persons, who are mostly white males. Programs to re-employ these persons are different from programs to train, retrain, and upgrade the structural unemployed, many of whom are minorities, the young, or female, many of whom have yet to recover from the last recession.

Thus, in creating programs to address the cyclical unemployment of auto and construction workers, we must not lose sight of the necessity of creating appropriate spending measures to assist work force entrance and efforts for job permanence of the structurally unemployed.

We must use the Federal Budget as the vehicle for achieving balanced economic growth. The Federal Budget is the expression of our national priorities, and thus we should rely on a balance between increased Federal spending activities and progressive tax cuts which will add to the purchasing power of individual consumers in the moderate and low-income range, as well as the use of some job tax credits, which should be highly selective and very specifically targetted to structurally unemployed people.

Such a program mix will reverse the recession, mitigate its impact on the nation's cities in particular, and low and moderate income groups in general. It will also provide the necessary first steps toward generating very specific steps to fight inflation and generate balanced economic growth.

BALANCED GROWTH PROGRAMS

Also, attached to my statement and for inclusion in the hearing record, is a list of program demands I and other Members of the Congressional Black Caucus submitted to the President in an attempt to redirect the Administration's economic policies.

As you will note, we listed very specific steps for a full employment program, covering the areas of energy, housing, food, health care, youth initiatives, and specific anti-recession programs. As you know, Mr. Chairman, we have yet to receive a response to our suggested alternatives.

Let me again re-emphasize that urgent action is needed now—not after the elections.

The devastating human costs, as well as economic costs mount daily.

The first step needed is a drastic change in current economic policies that have failed six times already. We must have balanced economic growth if we are to reverse current trends. Balanced growth requires improving consumer outlays (such as consumer purchasing power, which is responsible for two-thirds of the GNP, as opposed to public outlays and private investment).

Finally, we must pursue balanced economic growth, not only to bring us out of the recession, but also to address the structural problems in our economy so that all people can benefit from prosperity, and can have equal access to the rewards of a full employment economy.

Congressional Research Service
The Library of Congress

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RECESSIONARY LABOR MARKET CHANGES AND REMEDIAL PROGRAMS

Dennis M. Roth
Specialist
July 14, 1980

with contributions from:

Donald W. Kiefer and Jane G. Gravelle
Specialists

John D. Fisk and Stacey M. Kean
Analysts
Economics Division

and
Richard A. Hobbie
Analyst
Education and Public Welfare Division

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RECESSIONARY LABOR MARKET CHANGES AND REMEDIAL PROGRAMS

I. THE 1980 RECESSION: ITS EFFECT ON THE LABOR FORCE

January 1980 marked the peak of the Nation's most current economic expansion and the beginning of its seventh postwar recession. Civilian employment, however, did not peak until a month later in February. Since the onset of the recession (as of June 1980) the number of individuals unemployed has increased by more than approximately 1.6 million. Of these, about 4 percent reflect new entrants and re-entrants into the labor force, about 7 percent job quitters, more than 61 percent laid-off workers, and nearly 28 percent other job losers.

The Bureau of Labor Statistics survey of nonfarm employers shows that payroll jobs declined by nearly 1.1 million since the number of jobs peaked in February. The increase of 158,000 jobs in the service sector was not nearly enough to counteract the decline of 988,000 jobs in the manufacturing sector; 446,000 of these jobs or 45 percent took place in the transportation equipment, primary metal and fabricated metal products industries. In addition, construction payrolls have declined by 282,000 workers since February.

When the recession started, however, the Nation was suffering from substantial structural unemployment. In January 1980 the overall national unemployment rate was 6.2 percent as opposed to 4.8 percent at the previous economic peak in November 1973. The black and other unemployment rate was 11.8 percent in January 1980 as opposed to 8.9 percent in November 1973 and the black and other teenage unemployment rate was 34.6 percent in January 1980 as opposed to 29.5 percent in November 1973. Even for whites the unemployment rates were somewhat higher at the beginning of this recession than the beginning of the 1973-1975 recession. (Total white unemployment rate in January 1980 was 5.4 percent, in November 1973 4.3 percent; for white teenagers 14.0 percent in January 1980, 13.2 percent in November 1973). These figures indicate that those groups who have historically suffered from high rates of unemployment were not aided by the economic expansion from March 1975 to January 1980; instead, their employment situation actually deteriorated.

While the current economic downswing has affected the more stable sectors of the labor market, those groups with traditionally high rates of unemployment will find their problems intensified. For example, the black and other unemployment rate has already climbed 1.8 percentage points from January to June 1980 (11.8 to 13.6 percent). In the discussion which follows, it is therefore extremely important to keep in mind the underlying structural unemployment problems plaguing the Nation. While certain traditionally low unemployment groups may be currently suffering from cyclical unemployment, traditionally high unemployment groups will find themselves at even more of a disadvantage. Consequently, any job creation proposal put forth by the Congress, in order to be comprehensive and responsive to American workers' needs, would include both countercyclical and structural components.

A. Who Are the Cyclically Unemployed?

While the rolls of the unemployed have increased by more than 1.6 million individuals since January, it is crucial, in terms of determining appropriate policy measures, to disaggregate this group by age, sex, race, occupation, and industry.

1. Age and Sex

The number of unemployed teenagers (16-19 year olds) increased by 155,000, accounting for 9.8 percent of the January to June increase in unemployment; the number of 20 to 24 year olds unemployed increased by 344,000 (21.8 percent of the increase); the number of 25 to 54 year olds unemployed increased by 1,082,000 (68.4 percent of the total increase); and the number of 55 year olds and over unemployed actually decreased by 4,000. Thus, prime-aged workers (25 to 54 year olds) clearly constitute the largest proportion of the increase in unemployed workers.

The number of unemployed men (age 16 and over) increased by nearly 1.3 million since the beginning of the recession, or by 37.6 percent. Men aged 25 to 54, prime age males who experience the most stable employment patterns of any demographic group, increased their number of unemployed by 807,000 and account for 63 percent of the male unemployment increase. Male youth aged 20-24 increased their number of unemployed by nearly one-third (278,000) while male teenagers (16-19 year olds) increased their numbers of unemployed by 18 percent (144,000). What these statistics show is that prime age males have borne the brunt of the recession so far.

Unemployment for women 16 years old and over has increased by only 10 percent (less than one third the percentage increase for men) since January 1980 (303,000). While prime age females increased their number of unemployed by just under 20 percent, they account for 91 percent of the increase in female unemployment (276,000). Female youth ages 20-24 increased their unemployment by 9.7 percent (67,000) and female teenagers by 1.5 percent (11,000). Thus, similar to males, prime age female workers have been the hardest hit group.

2. Race

Of the total increase in the number of unemployed since January 1980, 85 percent have been whites and 15 percent blacks and others. White males 20 years for nearly 60 percent of the unemployment increase since the recession began. On the other hand, black males 20 years old and over account for only 11.6 percent of the increase (their level of unemployment increasing by nearly one-third since January). White females aged 20 years old and over account for 15.4 percent of the unemployment increase (their unemployment level increasing by about one-seventh) and black females of the same age group 3.4 percent of the increase (their unemployment level increasing by about one-tenth). In the case of teenagers (16-19 year olds) whites accounted for 10.1 percent of the total increase, increasing their unemployment level by 13.5 percent while blacks actually reduced their number of unemployed by 16,000. Thus, the recession to date has caused the most increase in unemployment among white adult men.

3. Occupation and Industry

Workers in the construction and durable goods manufacturing industries (such as automobiles, lumber, rubber, primary metals, and metal fabrication) have accounted for more than 56 percent of the increase in the number of unemployed individuals since January. Construction unemployed increased by nearly 50 percent while the number of unemployed durable goods workers increased by approximately two-thirds. Nondurable goods manufacturing has not been as severely hit with its number of unemployed increasing by about 18 percent since the recession began. All of the remaining major industries have also increased their number of unemployed except for government and agricultural wage and salary workers. These include (in order of unemployment impact) finance and service industries, wholesale and retail trade, transportation and public and utilities.

The concentration of joblessness in durable manufacturing can be seen by the unemployment rate changes for the large industrial States. Michigan's unemployment rate increased from 9.5 percent in January 1980 to 14.4 percent in May 1980, the State's highest rate ever. However, the rate did decline to 14.1 percent in June. New Jersey's unemployment rate increased from 5.4 percent to 8.4 percent, Ohio's from 6.1 to 9.4 percent, and Pennsylvannia's from 6.8 to 8.3 percent from February to May 1980. While both New Jersey and Pennsylvania had unemployment rate declines in June (to 7.9 and 7.7 percent respectively), Ohio's unemployment continued to climb to 9.7 percent in June.

On an occupational basis, blue-collar workers have been hardest hit by unemployment. This group constitutes more than 75 percent of the workers who have become unemployed since the beginning of the recession. Crafts and kindred workers and nontransport operatives (primarily machine operators) make up the vast majority of the unemployed blue collar group.

B. Regional Shifts

From the trends discernible so far, there appears to be a shift in the regions which will be hardest hit by the current recession as opposed to the 1973-1975 recession. These changes are primarily the consequence of industry shifts since 1975. Reduced textile manufacturing (relatively sensitive to cyclical fluctuations) and increased electronics manufacturing in the Northeast have made this area less likely to suffer from as high a jobless rate as in the 1973-1975 recession. The current growth in micro computers and defense-related hardware orders should keep unemployment fairly stable in this area. In addition autos, steel, rubber and residential construction — the industries experiencing the most difficulty so far — are less important in New England than nationally.

The Great Lakes or North Central region will clearly bear a major portion of the burden of the current recession. In May the unemployment rate in Michigan was 14.4 percent, the highest rate recorded in the State since the Bureau of Labor Statistics began gathering State data, and 9.4 percent in Ohio. These States' heavy dependence upon automobile and other durable manufacturing will make the impact of the recession here more severe than usual.

The growth of mining in the mountainous States of the West makes this region more sensitive to fluctuations in demand than it was five years ago. In addition, housing starts for the first five months of 1980 at an annual rate are about 50 percent or more below the number of starts in 1979. This decline affects not only the West's construction industry but also impacts heavily on the Pacific Northwest's lumber industry. The Pacific region's dependence on cyclically sensitive heavy manufacturing industries, however, is low. Instead the region has increasingly specialized in light manufacturing and particularly the production of high technology goods. The worldwide demand for these goods should aid the region despite the national downturn in manufacturing. Furthermore, in the past California's diversified economy and Washington State's aerospace and defense industries have served to cushion the cyclical impact of recessions on construction and lumber. This cushion is expected to aid the region again during this recession.

As noted above the West and Mountain regions have been experiencing employment expansion as a result of mining and energy related development. Fast growing areas often attract workers seeking job opportunities. To the extent that the civilian labor force expands more rapidly than the number of jobs being created, increases in unemployment will result. The Bureau of Labor Statistics has attributed some of the recent unemployment increases in these regions to this phenomenon.

The South should also fare better during this recession than in the 1973-1975 recession. During the earlier recession builders in the South found themselves overextended and the construction decline which took place impacted rather heavily on them and on the region. To date, the Southern construction industry has experienced less of a decline than have builders in other regions of the country. Consequently, the growing lumber industry in the South will not be as hard hit as the lumber industry in the Pacific Northwest. In addition, the high levels of textile inventories which plagued Southern firms in 1973-1975 are not a problem this time.

C. Summary

In sum, the recession to date has impacted most heavily upon the motor vehicle and construction industries. Given that many other firms furnish the inputs and sell the outputs of these two industries, the impact of the recession will spread to them as well.

Not surprisingly then, prime-aged workers (25-54 year olds) account for nearly 70 percent of the increase in unemployment since January 1980, and the majority of these are white, male workers. For the first time in nearly 20 years the unemployment rate for adult men is greater than the unemployment rate for adult females. In September 1960 the adult male unemployment rate was 4.9 percent and the adult female rate was 4.8 percent. In June 1980 the corresponding rates were 6.7 and 6.5.

These above characteristics are extremely important to bear in mind in the consideration of countercyclical policies to aid unemployed workers. Before discussing alternative antirecession measures, it is important to examine the burden that unemployment would put on those workers newly out of work.

D. Financial Burden of the Recession

Cushions already exist in the economic system to help job losers avoid extreme financial hardship. However, there is not currently any mechanism available to determine which unemployed workers have some adequate protection against recession and which will require some types of additional assistance.

As noted above, a high proportion of the workers who have lost their jobs since January are in the automobile, steel, rubber, and construction industries. Through the collective bargaining process workers in these industries, except construction, have negotiated supplemental unemployment benefits. In addition, government benefits such as unemployment insurance, food stamps, Social Security, Trade Adjustment Assistance and Medicaid have expanded in the last decade. Finally, an increasing number of households have more than one worker as a result of the large number of women who entered the labor force over the last decade.

1. Supplemental Unemployment Benefits

Automobile, steel, and rubber workers have negotiated contracts that include what are known as supplemental unemployment benefits or SUBS. These programs are applicable only to members of the United Auto Workers, the United Steelworkers, and the United Rubber Workers. Individuals who supply materials to these workers are not covered by SUBs unless they are members of these unions. While SUB provisions vary across industries, generally employers contribute several cents for each hour worked into a special fund designed to supplement State unemployment insurance benefits during layoffs. The status of these funds, however, differ across and within the three industries.

In the automobile industry SUB plans call for payment of an amount which, when combined with State unemployment benefits, equals 95 percent of take-home pay, less $12.50 per week for work-related expenses that are not incurred. An auto worker must work one year after which he/she becomes [illegible]ble for SUB payments by beginning to accrue "credit units." A half credit is earned for each week worked, up to a maximum of 52 credit units. Typically, one credit unit is spent for each week of benefits received, but if the fund is low a greater number of units may be charged per week.

The automobile SUB also has a provision allowing for a 20 percent reduction in benefits if the fund should fall below a certain level. In early July Ford Motor Company announced it would limit its SUB to its autoworkers with 10 or more years of service. On July 3rd the fund contained $6.9 million, down from $69.3 million in mid-May and $30.6 million at the beginning of June. 1/ The rapid depletion of the fund resulted primarily from the break in funding of Trade Adjustment Assistance. Now that funding has been restored the Ford SUB plan is expected to increase again because workers usually will not draw SUB during the weeks they receive trade adjustment aid, and workers who receive retroactive trade adjustment checks are obligated to reimburse the SUB funds for overpayments.

The SUB fund at Chrysler Corporation is again functioning after going broke last fall. The Chrysler SUB currently has $11.7 million, up from $5.9 million in May. The fund was able to become solvent again when a large number of laid-off workers were certified as eligible for trade adjustment assistance. The 20 percent reduction in benefits at Chrysler was taken off at the beginning of June.

The General Motors Corporation SUB fund is still strong. At the beginning of June the fund had $237 million. Autoworkers also have two backup funds to assure benefits: (1) a Guaranteed Benefit Account funded at $200 per covered

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1/ Ford-UAW Layoff Fund to Discontinue Payments to Workers With Less Than 10 years of Service, Daily Labor Report, Bureau of National Affairs, No. 130, A-11, 7/3/80.

worker to ensure benefits for employees with at least 10 years of service; and (2) an Advance Credit Account of $100 per covered worker to shore up the regular fund.

Both the rubber industry and the steel industry have SUB plans. The rubber industry plan pays 80 percent of straight-time pay, less unemployment insurance. Employees become eligible after working one year by accruing one-half credit unit for each week worked. Employees having less than 5 years of service are allowed to build up a maximum of 52 credit units, with the maximum increasing with longer years of service (a 25 year employee may build up 208 credit units). When the fund is in good shape, one credit unit is charged for each week of benefits received. During hard times, such as the industry is currently experiencing, the number of credit units required per week ranges from 1-1/2 to 7-1/2 based on years of service.

The funds at the major tire producers, however, are in poor shape. The Uniroyal fund was depleted last year and the Firestone and Goodyear funds ran out earlier this year. All three funds have, however, temporarily resumed payments under a provision in the 1979 contract settlement requiring employers to establish in each contract year a contingency fund equal to $122 per employee when the regular fund level falls below 4 percent. Uniroyal, Firestone, and Goodrich established and exhausted their contingency funds in 1979 and re-established funds at the beginning of the second contract year in June. The new funds, however, are expected to last less than two months. B.F. Goodrich has not had to establish a contingency fund as yet, but a prolonged downturn in auto sales and in turn in the demand for tires will force them to do so.

Some relief may be in sight for the rubber SUB funds. Recently 10,000 employees at these four manufacturers were certified as eligible to apply for trade adjustment assistance according to union officials.

The steel industry similarly has a SUB plan. The plan pays 26 times an employee's average straight-time hourly earnings plus $1.50 for each of up to four dependents less unemployment compensation. Benefit levels are based on the number of dependents ranging from $125 with no dependents to $131 with 4 or more dependents for weeks for which no UI is received. (Under the new agreement those levels will rise to $166 and $206 on August 1.)

The duration of benefits is not reduced under the steel plans and employees with less than 20 years of service can receive up to 52 weeks of SUB payments. But the amount of benefits may be reduced to 60 percent of a full benefit when the trust fund is between 25 and 35 percent maximum funding, to 30 percent when the trust fund is between 15 and 25 percent, and to zero when the fund position is below 15 percent. Employees with 20 or more years of service are guaranteed two years of benefits and unreduced payments regardless of the status of the fund.

Currently the basic steel funds are paying full benefits except for the one covering former Youngstown Sheet and Tube employees at Jones and Laughlin. This plan is paying only 30 percent of full benefits according to union officials. Unique to the steel SUB plan is the provision that trade adjustment assistance benefits are not to be deducted from SUB payments during weeks employees receive State unemployment insurance benefits. During weeks that only trade adjustment benefits are received (no State UI benefits) an amount equal to the State benefit is deducted from the SUB payment.

2. Multiearner Families

In March 1979 nearly 60 percent of all husband-wife family units had two or more wage earners as compared to about 57 percent in March 1970. Both the husband and wife worked in 51 percent of these family units in March 1979 compared to 45.7 percent in March 1970. According to the Bureau of Labor Statistics the increase in multi-earner families is predominately due to increases in the number and proportion of working wives. The number of married women in the labor force has risen from 18.4 to 23.8 million between March 1970 and March 1979, a more than 29 percent increase. Nearly 50 percent of all wives were working or looking for work in March 1979.

Since a large number of households now have more than one worker, if one becomes unemployed the economic hardship is not as great as when only one family member worked. Some analysts estimate that with the one income and UI benefits the family will be able to maintain 50 to 75 percent of its preunemployment income.

II. THE POTENTIAL RESPONSE OF INCOME ASSISTANCE PROGRAMS TO THE 1980 RECESSION*

A. Introduction

Significant changes in the post-World War II labor force and the expansion of Federal income assistance programs may lessen the increased economic hardship to be suffered by some unemployed workers in the 1980 recession. Other workers, such as inexperienced youth, adult women reentering the labor force, or technologically, structurally, or import displaced workers may experience prolonged difficulty adjusting to changing economic conditions. This latter group of workers has labor market problems even in good times, but recessions tend to aggravate their difficulties.

One dramatic change in the labor force in the last 20 years may cushion the recession's impact on many of the nation's 58 million families. This change is the rise in the proportion of multiple earner, married couple families from 40 percent in 1958 to 60 percent or 28.4 million in 1978. 2/ As long as at least one family member remains employed, these families may still have roughly 50 to 75 percent of their pre-unemployment gross income for up to 26 to 39 weeks. 3/ Moreover, because UI benefits are exempt from the Federal income tax on adjusted gross incomes below $25,000 for married couples filing jointly, these families will have even higher percentages of their preunemployment net income available to them.

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* This section was prepared by Richard A. Hobbie, Analyst in Social Legislation, Education and Public Welfare Division.

2/ Beverly L. Johnson, "Marital and family characteristics of the labor force." Monthly labor review, April 1980: 48-52.

3/ For example, suppose a husband earns $16,000 and his wife earns $8,000 per year. Thus, in 26 weeks he earns $8,000 an she earns $4,000. If he becomes unemployed and receives UI at the average rate of 36 percent of gross wages, he would get $2,880 in 26 weeks of UI benefits. Added to the wife's wages in this period, the family still has $6,880 or 57 percent of the previous gross earnings. If the family unemployment situation is reversed, the family would have 79 percent of its previous gross earnings.

Recent expansions of the Unemployment Insurance (UI) and Food Stamp programs will also help to lessen economic hardship. The Unemployment Compensation Amendments of 1976 (P.L. 94-566) expanded coverage to State-local government and nonprofit organization workers so that about 97 percent of all wage and salary workers are now covered by UI, an increase of about 13 percent. Moreover, there has been a dramatic increase in the rolls of the Food Stamp program for low-income persons from 4.3 million in 1970 to 16.0 million in 1978.

There are, however, continuing gaps in income assistance coverage and eligibility. Although about 97 percent of wage and salary workers are covered by UI, only about one-half of the unemployed are eligible at a given time. 4/ Moreover, the gap between the UI-insured unemployment rate and the total unemployment rate appears to have widened between 1970 to 1978 from about 1.5 to 2.7 percentage points. This has partly resulted from the 5 percentage point increase in the proportion of youth and adult women in the labor force, because they are less likely to have the recent work experience necessary to qualify for UI when they are unemployed.

If the 1980 recession is prolonged, workers on UI will begin exhausting their benefits at a rate higher than the relatively low recent average of about 27 percent. These workers may be forced to rely on savings or on income from other family members and other family resources. If their savings and incomes from other resources are quite low, they may qualify for Food Stamps, Aid to Families

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4/ The proportion of the labor force eligible for UI is positively related to the unemployment rate. This relationship exists because the proportion of the unemployed who are laid off and hence, more likely to be eligible for UI, increases with the unemployment rate.

with Dependent Children, Medicaid, or State General Assistance (GA). In 25 States, however, there is no AFDC for poor children in families with two able-bodied parents, even if one is unemployed.

B. Income Assistance Programs: Overview

The Congressional Budget Office (CBO) has recently estimated that a 1 percentage point increase in the unemployment rate leads to an automatic $5 to $7 billion increase in Federal outlays. 5/ About three-fourths of this increase results from a rise in Unemployment Insurance (UI) outlays, which is the primary program to help laid-off workers. Another one-tenth of the increase is added by Food Stamps. The other major programs such as Aid to Families with Dependent Children (AFDC), Medicaid, and Supplemental Security Income (SSI) are, at best, marginally responsive. Trade Adjustment Assistance has not been regarded as sensitive to the unemployment rate until recently, when the 1980 recession began contemporaneously with layoffs partly caused by rising automobile imports. 6/

1. Unemployment Insurance

The Unemployment Insurance (UI) system was originally authorized by the Social Security Act of 1935 to provide temporary and partial wage replacement to experienced workers in covered industries. The States administer their own programs, but the Federal government maintains the State UI payroll tax revenue accounts in the Federal UI trust fund, and it oversees administration. States set their own benefit amounts and their benefit formulas usually replace about 50 percent of a workers

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5/ United States Congress. Congressional Budget Office. Five-Year budget projections: fiscal years 1981-1985. February 1980: p. 11. See pages 31-32 of this report for a detailed examination of the relationship between the Federal budget and the unemployment rate.

6/ Letter by Alice M. Rivlin, Director, Congressional Budget Office, to the Honorable Al Ullman, Chairman, Committee on Ways and Means, U.S. House of Representatives, June 5, 1980, p. 1.

gross average weekly wage up to some State established maximum. Also, State programs usually provide up to 26 weeks of benefits and during high unemployment periods the Federal-State Extended Benefits (EB) program adds one-half of a worker's State UI benefit entitlement up to an additional 13 weeks. In calendar year 1978 about $10 billion in UI benefits were paid to average weekly insured unemployed recipients of 2.4 million at a rate of $84 per week or about 36 percent of the average weekly covered wage. Average potential UI duration (the average number of weeks available) was 24.5 weeks and average actual duration (the average number of weeks of UI actually received) was 13.3 weeks. In June 1980, the Congressional Budget Office (CBO) projected UI outlays of about $16 billion in FY 81.

2. Trade Adjustment Assistance

Trade Adjustment Assistance (TAA) is authorized by the Trade Act of 1974 (P.L. 93-618). It provides Trade Readjustment Allowances (TRA), Training and Related Services, and Job Search and Relocation Allowances to workers unemployed as a result of import competition. 7/ TRA supplements UI benefits up to the lower of 70 percent of a workers' average weekly wage or the average weekly manufacturing wage (currently $269 or $13,988 annually). Most workers can receive benefits for up to 52 weeks. TAA outlays were $269 million in FY 79, but are expected to be $1,444 million in FY 80 as a result of recent automotive worker layoffs and TAA certifications. In FY 79 the average number of workers receiving benefits was about 73,500. The average weekly benefit was $68 and the average duration was 24.4 weeks. CBO has projected FY 81 outlays of $800 million.

7/ A group of workers must petition the Secretary of Labor for certification. Workers are certified as eligible if: (1) the workers have been separated from their jobs or are threatened with job separation; (2) sales or production of their firm has decreased absolutely; and (3) increases in imports of articles "like or directly competitive with" their firm's product contributed importantly to (1) and (2).

In May 1980 the U.S. Department of Labor (DOL) estimated that an unanticipated additional 380,000 automobile workers were certified for TAA during FY80. Added to the existing 213,000 recipients of TAA, this meant that the number of recipients had nearly tripled in FY80 to almost 600,000 workers. Most of these workers received weekly UI benefits of about $90 to $140, depending on their State UI programs and whether they receive dependents allowances. Automobile workers also are likely to receive private supplemental unemployment benefits (SUB), which usually combine with UI to an amount equal to 95 percent of the worker's previous gross wages minus $12.50 for work expenses not incurred. 8/ The TRA is often not paid, however, until after the worker is back to work in his previous job because of time delays in the application and eligibility determination process. 9/ When the payment arrives, the union usually requires the worker to repay the SUB fund with the TRA. Consequently, TRA in these cases has become a refinancing mechanism for SUB in the automobile industry.

3. Food Stamps 10/

The Food Stamp program is authorized by the Food Stamp Act of 1977 (P.L. 95-113, as amended). The program attempts to increase food purchasing power of low-income households by granting a federally funded monthly food stamp allotment. The maximum monthly allotment is adjusted for inflation each year and is now $209

8/ Daily Labor Report, Union sub funds once again tested by impact of recession on U.S. industries, May 27, 1980, no. 103: C1-C4. See pages 7-10 of this report for a discussion of SUB plans in the auto, rubber, and steel industries.

9/ United States Congress. General Accounting Office. Restricting Trade Act Benefits to Import-Affected Workers Who Cannot Find A Job Can Save Millions. January 15, 1980.

10/ See United States Congress, Congressional Research Service, Welfare Reform Background Papers: Data on Current Selected Programs, March 23, 1979 for brief descriptions of the Food Stamp, AFDC, Medicaid, SSI, and GA programs.

for a four-person household. Households must meet the following conditions: (1) net monthly income (after certain income is disregarded) below the official Federal poverty level; (2) liquid assets generally below $1,500; and (3) work registration and job search activity of certain able-bodied household members. The program paid benefits of $5.2 billion to over 16 million persons at an average monthly rate of $26 in FY 78. Continued growth and expected responsiveness to the 1980 recession has led CBO to project FY 81 outlays at $10.2 billion. 11/

4. Aid To Families With Dependent Children

The Aid to Families with Dependent Children (AFDC) program provides welfare payments for needy children (and their mothers or other caretaker relatives) who have been deprived of parental support or care because their fathers are continuously absent from home (83.3 percent of the children), are incapacitated (7.7 percent), dead (3.7 percent), unemployed (3.7 percent and only in 26 State programs), or their mothers are incapacitated, absent, dead, or unemployed (1.6 percent). States define their own income and resource limits for family eligibilty and set their own benefit levels. States either administer or supervise local administration of their programs and the Federal government pays at least 50 percent of the benefit costs with the poorer States receiving a higher percentage reimbursement up to 78 percent in FY 1978. In July 1978 State monthly benefit guarantees for a family of three varied from $88 in Mississippi to $477 in Suffolk County, New York. About 3.5 million families or 10.3 million recipients received benefit payments of almost $11 billion in FY 78 of which about $6 billion was the Federal

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11/ The statutory ceiling, however, is currently $9.7 billion.

share and the average monthly benefit was $256 per family or $86 per recipient. CBO has projected Federal AFDC outlays at $8 billion in FY 81.

5. Medicaid

The Medicaid program provides medical assistance to low-income persons who are aged, blind, disabled, or members of families with dependent children. Individuals receiving AFDC or SSI are "categorically" eligible. States design and administer their own programs. The Federal government pays at least 50 percent of the program cost with poorer States receiving higher percentage reimbursements up to about 78 percent in FY 78. Over 21 million persons received benefits summing to $19.3 billion in FY 78 of which about $10 billion was the Federal share. CBO has projected Federal Medicaid outlays at about $15.8 billion in FY 81.

6. Supplemental Security Income

Supplemental Security Income (SSI) is a Federally administered program that provides income assistance to the aged, blind, and disabled. It became effective on January 1, 1974 under Title XVI of the Social Security Act. The program guaranteed monthly benefits of $189.40 for single persons and $284.10 for a married couple during July 1978 to June 1979. Payment levels are adjusted annually for the cost of living. Twenty-five States supplemented the benefit guarantees from $7 to $126 per month during this period. Eligibility is restricted to persons with assets less than $1,500 or $2,250 for married couples. The value of a person's home, household goods, and an automobile are not included in assets. Total benefits of $6.6 billion were paid to an average of 4.2 million persons in FY78. The average monthly benefit per recipient was about $131. CBO has projected SSI outlays at $7 billion in FY 81.

7. General Assistance

General Assistance (GA) programs are State and local designed, administered and funded to provide assistance to persons ineligible for Federal assistance to needy dependent children and the aged, blind, and disabled. Many States refuse aid to employable persons and some States require employable persons to work off their benefits. State-local expenditures in FY 78 for GA were $2.3 billion, including payments to medical vendors. Cash assistance went to a monthly average of 807,000 persons.

C. The Response to the 1974-1975 Recession

1. Automatic Responses

Except for UI and Food Stamps, income assistance programs were relatively unresponsive to the 1974-1975 recession. This is not surprising because the eligibility criteria for AFDC, Medicaid, and SSI exclude most recently laid-off workers. Since laid-off workers tend not to be poor, disabled, blind, aged, or single heads of families with dependent children, the only programs for which they usually qualify are UI and Food Stamps.

Figures 1 and 2 display the relationships of UI, AFDC, Food Stamps, SSI, and Medicaid benefit payments to the total unemployment rate and the UI-insured unemployment rate. In the bottom graph the insured unemployment rate is lower than the total unemployment rate because only about one-half of all unemployed persons have enough recent employment and earnings to qualify for UI benefits. In the upper graphs, it is clear that UI outlays dramatically increase with an increase in the unemployment rate and decrease with a decline in the unemployment rate. This is true even when the temporary Federal Supplemental Benefits (FSB) program is deleted, as shown by the solid line between FY 74 and FY 78. The

FIGURE 1 BENEFIT PAYMENTS IN INCOME ASSISTANCE PROGRAMS IN 1968–1978

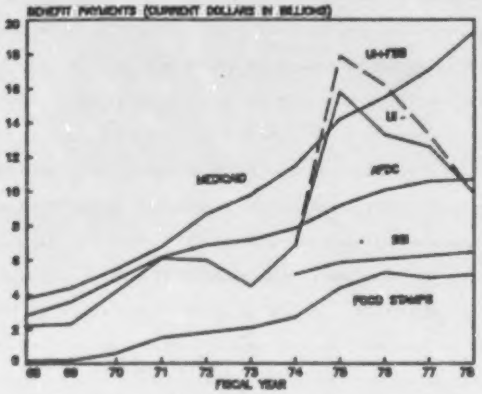
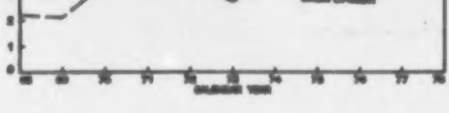


FIGURE 2. UNEMPLOYMENT RATES IN 1968–1978



Food Stamp program also has a relationship with the unemployment rate, but it is partly distorted by an increase in geographic coverage during the early 1970s, the expansion to about one million people in Puerto Rico around the time of the 1974-1975 recession, and a growing participation rate. The other programs appear to have little relationship to changes in the unemployment rate.

Since total benefit payments in these programs equal the product of the average number of recipients and the average benefit per recipient, additional insight can be gained by examining the trends in average recipients and benefits in Figures 3 and 4. Much of the growth in UI benefits is explained by the doubling of the average weekly benefit amount to $85 in 1978, but its response to the 1974-1975 recession is explained by a doubling of UI claimants from 1973 to 1975. Because the number of AFDC families and recipients has remained relatively constant since 1972, most of the growth in AFDC benefit payments seems to be explained by the growth in average benefits per family or recipient. In contrast, much of the growth in Food Stamp benefits during the 1970s seems to be accounted for by the four-fold increase in recipients from about 4.3 million in FY70 to a peak of 18.5 million in FY 76. Moreover, during the 1974-1975 recession, over 4 million additional people received Food Stamp benefits.

2. Discretionary Responses

Two important discretionary responses were enacted in the UI program on December 31, 1974 in response to the 1974-1975 recession (P.L. 93-567). First, the Special Unemployment Assistance (SUA) program was enacted to expand coverage to certain State-local government, nonprofit organization, domestic, and farm workers. Most of the workers covered under SUA were permanently covered by the Unemployment Compensation amendments of 1978 (P.L. 94-566). Second, the Federal

FIGURE 3. AVERAGE NUMBER OF RECIPIENTS IN 1968–1978

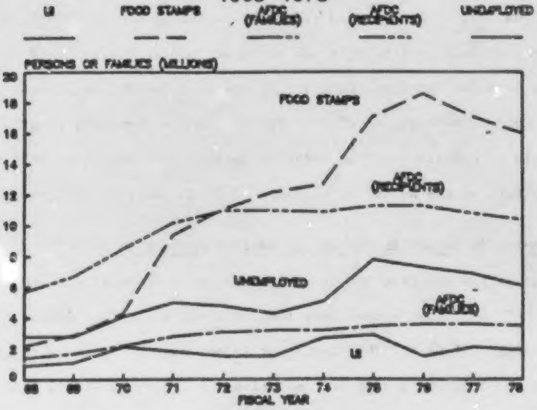
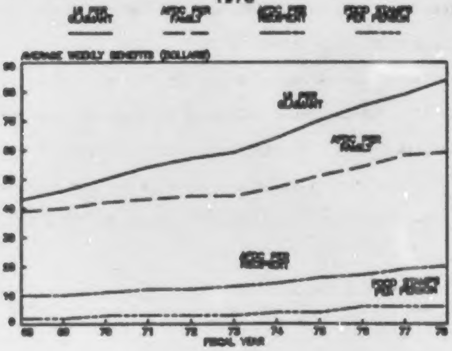


FIGURE 4. AVERAGE WEEKLY BENEFITS IN 1968–1978



Supplemental Benefits (FSB) program ultimately provided two-tiers of up to 13 additional weeks of UI benefits each for a possible maximum duration of one year and 13 weeks. Thus, for a short period after the beginning of the 1974-1975 recession some workers could receive up to 26 weeks of regular State UI, 13 weeks of Federal-State Extended Benefits (EB), and 26 weeks of Federal Supplemental Benefits. FSB expired, however, in FY 77. Since it was a temporary program, its outlays should be subtracted from total UI outlays in Figure 1 to obtain a more accurate picture of the automatic response of UI to the 1974-1975 recession.

3. The Receipt Of Income Assistance By Jobless Persons In 1975

Table 1 depicts the distribution of persons at least 16 years old who reported in March 1976 that they worked less than 50 weeks and either looked for work or had been laid off in 1975 by receipt of income assistance and poverty ratio. The receipt of income assistance is defined to include UI, Food Stamps, AFDC, SSI, and possible combinations of these programs. The poverty ratio is the person's family income divided by the official poverty level for his family size, which was $5,500 for an urban family of four in 1975. For example, four-person urban families with incomes of $4,000, $5,500, and $11,000 would have poverty ratios of 0.73, 1.00, and 2.00, respectively.

An estimated 16 million persons worked less than 50 weeks and either looked for work or were laid off in 1975. About half were reported to have received some kind of income assistance. 12/ Ninety-three percent of the 8.1 million persons received either UI, Food Stamps, or both. About 69 percent received UI only, 13 percent received Food Stamps only, and 11 percent received both. The

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12/ The Survey of Income and Education (SIE) is the data source. Like all surveys of this kind, the receipt of income assistance is underreported.

Table 1. Receipt of Income Assistance by Family Poverty Ratio of Persons At Least 16 Years Old Who Reported in March 1976 That They Worked Less Than 50 Weeks and Either Looked for Work or Had Been Laid Off in 1975
(Persons in Thousands)

Programs	Poverty Ratio (c) Less than 0.50	0.50 to 0.75	0.75 to 1.00	1.00 to 1.50	1.50 to 2.00	2.00 to 3.00	3.00 to 4.00	4.00 to 5.00	At least 5.00	TOTALS (b)
AFDC only	12	16	12	25	7	7	1	2	1	82
Food Stamps only ..	148	123	172	261	157	127	36	11	9	1,045
Federal SSI only	1	3	3	6	6	2	3	3	3	29
State SSI only ...	0	(a)	0	1	2	6	1	(a)	(a)	9
UI only	43	71	141	437	689	1,558	1,182	723	717	5,592
AFDC & Food Stamps	36	44	67	74	28	20	5	1	2	277
Federal SSI and Food Stamps ..	(a)	2	2	4	2	2	(a)	0	0	11
State SSI & Food Stamps	0	0	(a)	(a)	0	1	0	(a)	0	1
UI & Food Stamps	22	57	95	262	205	190	58	11	12	912
UI & AFDC	1	3	1	6	5	6	1	1	1	24
UI, AFDC, & Food Stamps	2	8	12	34	13	9	2	2	0	82
Other Combinations	(a)	1	3	7	8	7	3	1	1	30
None of the above	337	273	317	873	931	1,865	1,416	898	1,025	7,936
TOTAL (b)	601	599	825	1,990	2,053	3,830	2,709	1,653	1,771	16,029

(a) Less than 500.
(b) Figures may not add exactly to totals because of rounding.
(c) The poverty ratio is the ratio of family income to the official poverty figure for the appropriate family size. For example, the poverty level for an urban family of four in 1975 was $5,500. If three urban families of four had family incomes of $4,000, $5,500, and 11,000, their poverty ratios would be 0.73, 1.00, and 2.00, respectively.

Source: Survey of Income and Education (SIE).

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remaining 7 percent mainly received AFDC, AFDC and Food Stamps, or AFDC, Food Stamps, and UI.

Eighty-seven percent of the 16 million people were not classified as poor in 1975, despite experiencing difficulty finding a job or being laid off. In other words, only 13 percent of the 16 million persons were in families classified as poor or had poverty ratios equal to less than 1.0. Moreover, only 25 percent had poverty ratios equal to less than 1.5.

Different pictures emerge when income assistance recipients are compared to nonrecipients. Twenty-one percent of the income assistance recipients were classified as poor compared to 11 percent for nonrecipients. Moreover, 35 percent of the income recipients had poverty ratios equal to less than 1.5 compared to 22 percent for the nonrecipients. Sixty-one percent of the poor income assistance recipients were not receiving UI, however. About 5 percent of those receiving UI only were classified as poor, while 53 percent of those who received AFDC and Food Stamps were classified as poor.

D. Potential Responses To The 1980 Recession

Potential income assistance program responses include strategies that could begin working before the end of 1980 and those that probably could not be enacted and implemented until late 1981, when most economists expect the economic recovery to be well underway. These latter strategies, such as short-time Unemployment Compensation under the Shroeder Bill (H.R. 7529) or Unemployment Cost Equalization under the Javits Bill (S.825/H.R. 1572) most likely cannot be enacted and implemented fast enough to have a substantial effect on the 1980 recession, but may be viable options to consider in planning for the next recession. This section, however, discusses only those options that can have an immediate effect on the 1980 recession. They include: (1) relying only on automatic responses; (2) extending the maximum potential duration of UI benefits from 39 to 52 weeks under the Brodhead Bill (H.R. 6540); (3) expanding the AFDC-UP program under the House-passed Social Welfare Reform Amendments of 1979 (H.R. 4904); and (4) providing public service employment and/or training to long-term UI recipients or "exhaustees."

Most workers go back to work before they exhaust their regular UI benefits, but the proportion that exhausts regular UI benefits increases during recessions from about one-fourth to two-fifths. For example, during the brunt of the recession in 1975 the average actual duration on regular State UI benefits (usually provided up to the first 26 weeks) was still only two-thirds of the average potential duration of 24.3 weeks, yet 4.2 million workers or 37.8 percent of UI recipients exhausted their regular State benefits. This latter group of UI exhaustees has continuing reemployment problems, but generally is not poor.

The general evidence on long-term UI recipients and exhaustees in 1975 suggests that they tended to have serious difficulties finding reemployment, but were not from poor families and hence, did not receive AFDC or Food Stamps at very high rates. A study funded by the U.S. Department of Labor (DOL) of 2,000 UI "exhaustees" in four major urban areas at the beginning of the 1974-1975 recession found: (1) of those who had employment related health insurance over half had no health insurance sometime after they lost their job; (2) only 7 percent eventually received AFDC and 25 percent received Food Stamps; (3) unemployment reduced their average weekly family income from $271 or $14,092 annually to $178 or $9,256 annually; (4) twenty-four percent were reemployed four months after UI benefit exhaustion, 14 percent dropped out of the labor force, and 61 percent were still unemployed; ana (5) the average annual normal income of the families was $10,000 or 77 percent of the national median and nearly twice the 1974 official poverty level. 13/

1. Relying on Automatic Responses

Relying on automatic responses means that help would be available to most laid-off workers under the existing UI program for up to 39 weeks in most States. Low-income persons with low assets could get Food Stamps and perhaps other benefits, but the main response would be a $4 to $5 billion increase in UI for each 1 percentage point increase in the average annual unemployment rate. During the last recession, an average of about 1.7 million additional unemployed workers were aided by UI in 1975, when the unemployment rate jumped 2.9 percentage points from 5.6 percent in FY74 to 8.5 percent in FY75.

2. Extending UI Duration

If the 1980 recession is prolonged, UI exhaustees could be helped by extending potential duration. During the last recession this was done under the Federal Supplemental Benefits (FSB) program. In 1975 a cumulative total of 2.8 million persons received FSB totaling $2.2 billion. A study funded by DOL of 12,000 FSB recipients in 15 States during 1975 found in March 1976 that: (1) a typical FSB recipient was out of work for 63 weeks; (2) of the 31 percent who were reemployed most had lower earnings as a result of working fewer hours than on their pre-unemployment job; (3) seventy-seven percent of the worker's families were not poor;

13/ Walter Corsen, et.al. Experiences of Unemployment Insurance Recipients During the First Year After Exhausting Benefits, Mathematica Policy Research, Inc., August 1978, p. 35-37. The official poverty level of an urban Family of Four in 1974 was $5,038.

but (4) an additional 10 percent would have been poor without FSB and no substitute income. 14/

The Brodhead Bill, H.R. 6540, would trigger on up to an additional 13 weeks of UI benefits in States with insured unemployment rates for the most recent 13-week period of at least 5 percent. Thus, 52 weeks of UI benefits would be available in high unemployment States. It would provide the same weekly benefit amount as the States' programs and would be funded from Federal general revenues. Eligibility and qualification conditions of State laws would apply. The Department of Labor has provided an unofficial cost estimate in FY81 of $1.5 billion, assuming an average unemployment rate of 8.5 percent in FY81. 15/

3. Expanding the AFDC-UP Program

The House-passed Social Welfare Reform Amendments of 1979 (H.R. 4904) would expand the AFDC-UP program to the 25 States that do not currently have this program. This would provide assistance to two-person families with unemployed parents ineligible for UI or with UI benefits lower than the amount they would receive on AFDC-UP. In the latter case, AFDC-UP would supplement the UI benefits up to the family's AFDC-UP guarantee level.

4. Public Service Employment and/or Training

A final option available would be employment and training services under Titles II and VI of the Comprehensive Employment and Training Act (CETA). Since these services are available only to low-income, unemployed workers, not all UI

14/ Walter Corson, et.al. A study of recipients of Federal supplemental benefits and special unemployment assistants, Mathematica Policy Research, Inc., January 1, 1977.

15/ The estimate was based on economic assumptions developed by Data Resources, Inc., not the Carter Administration.

recipients or exhaustees would be eligible because their family incomes exceed CETA limits. The most needy of the unemployed, however, would be helped, particularly if the number of positions in these programs were expanded in reponse to the recession. Another strategy would be to directly appropriate funds for training, job search, and relocation allowances under TAA. Recently, a limited amount of funds for these activities has been available through CETA Title III, but only about 8,500 persons enrolled in training in FY 78. 16/ Increasing funds for these activities might help some nonpoor workers adjust to changed economic conditions in their localities.

16/ U.S. Congress. Senate. Committee on Finance. Subcommittee on International Trade. Trade Adjustment Assistance Program. Staff Data and Materials, Committee Print No. 96-21, 96th Congress, 1st Session, July 1979. Washington, U.S. Govt. Print. Off., 1979. p. 12.

III. THE FEDERAL BUDGET AND CHANGES IN THE UNEMPLOYMENT RATE*

In times of recession, the interrelationship between the Federal budget and the unemployment rate becomes a topic of considerable interest. Policymakers want to be able to anticipate the rise in budget outlays and fall in receipts caused by a 1 percentage point change in the unemployment rate. As will be shown, analysts have found that the budget is highly sensitive to changes in the Nation's economic performance.

When the unemployment rate increases, budget receipts fall. Fewer taxes are paid by unemployed individuals who experience a decline in income and by corporations that experience a decline in profits. (Profits may fall as unemployed consumers reduce their purchasing.) In addition, the decline in budget receipts may be more severe if employed individuals receive smaller wage increases because of the Nation's poor economic performance.

An increase in the unemployment rate also alters Federal spending. Outlays for unemployment compensation rise. In addition, expenditures for food stamps, welfare, medicaid, and other programs increase.

A drop in revenues and a rise in outlays caused by a higher unemployment rate results in an increased budget deficit. Most economists would view this rise in the deficit during a recession as desirable. Increased spending and lower receipts can act as "automatic stabilizers" that cushion the impact of a recession.

A recent estimate of the effect of the unemployment rate on the Federal budget was prepared by the Congressional Budget Office (CBO) in February 1980. 17/

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* This section was prepared by John D. Fisk, Analyst in Labor Economics.

17/ U.S. Congressional Budget Office. Five-Year Budget Projections: Fiscal Years 1981-1985. February 1980.

Their estimates assume a 1 percentage point rise in the unemployment rate for calendar years 1980 and 1981 caused by lower economic growth. 18/ Given this increase in the unemployment rate, the Congressional Budget Office estimated that outlays in fiscal 1981 would rise by $5 billion to $7 billion and receipts in fiscal 1981 would fall by $20 billion to $22 billion. 19/ The overall result would be a $25 billion to $29 billion increase in the budget deficit. For fiscal 1980, the Congressional Budget Office estimated that the higher unemployment rate would increase outlays by about $4 billion and would reduce receipts by approximately $10 billion. 20/ Consequently, the fiscal 1980 budget deficit would rise by roughly $14 billion.

One important point about the Congressional Budget Office estimate is worthy of note. The Congressional Budget Office assumed that the unemployment rate in calendar year 1980 would be 7.0 percent. 21/ In the past, it has been found that the effect on the deficit of a 1 percentage point change in the unemployment rate depends upon the initial level of unemployment. 22/ For higher initial unemployment rates, a 1 percentage point rise in the unemployment rate tends to result in a larger increase in the budget deficit. 23/ Consequently, if CBO's unemployment rate estimate is low, their budget deficit estimate for 1980 will also be low.

18/ Ibid., p. 10-11.

19/ Ibid.

20/ Ibid., p. 21, 37.

21/ Ibid., p. 3.

22/ U.S. Library of Congress. Congressional Research Service. Impact of Unemployment on the Federal Deficit by Warren E. Farb and Douglas Bendt. Washington 1976. p. 6-8.

23/ Ibid., p. 6.

IV. COUNTERCYCLICAL RESPONSES TO RECESSION

As the recession finally took hold of the American economy in early 1980 and as the rate of unemployment jumped from 6.2 percent in January to 7.8 percent in May, policies to aid unemployed workers have received increasing attention. Earlier in this paper (pp. 13-30) existing income maintenace programs were discussed that would lessen the financial burden of workers who have lost their jobs as a result of the economic downturn. In this section proposals which might be undertaken by the Federal Government to increase employment will be discussed.

Any job creation proposal must be evaluated on both long and short-run criteria. In the short-run policymakers need to know: (1) the net number of jobs created per dollar of expenditure (net jobs refers only to those jobs which were created over and above those that would have existed without the program); (2) the time needed for actual job creation; (3) the groups that will benefit from the program; (4) the ability to terminate the program when the economy turns around; and (5) the program's short-run inflationary impact. In the long run policymakers should be aware of a program's effect on inflation, effect on participants' wages and employment stability, and effect on productivity.

A. Income Tax Cuts*

Reductions in Federal income taxes have been used to stimulate economic activity several times during the past two decades. The first large stimulative tax cut was the $12 billion reduction in individual and corporate income tax rates in 1964. This fiscal action, which is known as the "Kennedy tax cut," was designed to stimulate the economy out of a sluggish growth pattern and thereby reduce unemployment. Additional stimulative tax cuts were implemented in 1970, 1971, 1975, and 1978 (small tax reductions were also enacted in 1976 and 1977).

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* This section was prepared by Donald W. Kiefer, Specialist in Taxation and Fiscal Policy.

These fiscal policy actions have provided the opportunity for applied research into the economic effects of tax changes. This research combined with the experience gained during the last two decades, has led to substantial revisions in the thinking among economists regarding the efficacy of countercyclical tax policy. Economists have discovered that the difficulties involved in forecasting the course of the economy, and even in definitively assessing its current status, are greater than previously realized. Furthermore, the magnitude and timing of the economic effects of tax policy have been found to be different than thought earlier. Specifically, countercyclical tax cuts have smaller stimulative effects than were anticipated in the 1960's, and the effects are protracted, reaching their peak during the second or third year after implementation. In addition, the costs of creating jobs via across-the-board tax cuts have been found to be relatively high, in the range of $20,000 to $30,000 per job. 24/ Furthermore, a significant portion of the increase in GNP caused by a tax cut, especially in the later years of its effectiveness, is the result of higher inflation, and not increased real economic activity.

24/ Isabel V. Sawhill, Employment Subsidies and Tax Credits as a Response to Unemployment, in Fourth Annual Report to the President and the Congress of the National Commission for Manpower Policy, 1979, p. 37.

These results have important policy implications. First, it is probably already too late for a tax cut to be effective in moderating the 1980 recession. The recession is widely forecast to end in the fourth quarter of 1980 or the first quarter of 1981. If these anticipations are accurate, by the time a tax cut can be enacted and implemented and begin to have any significant effect, the recession will be over and recovery will have begun. Second, a tax cut put into effect in 1981 will have its maximum stimulative effect in 1982 or 1983. Third, a tax cut, depending on its nature and the economic circumstances, may have a significant inflationary impact, particularly in the longer run, as its real stimulative effects dissipate. This fact, combined with the the second point mentioned above and the very high recent inflation, may counsel caution regarding the magnitude of any countercyclical tax reduction.

A recent simulation exercise by Data Resources, Inc. (DRI) examined the likely economic effects of a $30 billion tax cut ($18 billion personal, $12 billion business) implemented in January 1981. 25/ The DRI model currently forecasts an end to the recession in the fourth quarter of 1980; hence the tax cut in the simulation does not moderate the recession; it stimulates a more rapid recovery. GNP grows somewhat more rapidly in 1981 and 1982 under the influence of the tax cut; the unemployment rate shows no significant effect until late 1982 when it is 0.3 percentage points lower than without the tax cut, and no significant effect is observed on inflation through the end of 1982. 26/

25/ Rice, Douglas, Income Effects of a 1981 Tax Package, Data Resource. U.S. Review, June, 1980, pp. 1.31-1.36.

26/ The inflation effect is generally found to build more slowly and to grow in later years as the real effects diminish.

B. A Social Security Tax Cut*

Recently interest has developed in cutting social security taxes, or offering an income tax credit equal to a percentage of social security tax payments, as a means of stimulating the economy. The income tax credit approach would avoid reducing the revenue flowing to the social security trust funds. One reason for interest in this approach is that social security taxes have been the fastest growing element of the Federal tax structure, and are scheduled to increase again in 1981. A second reason is that cutting the social security tax may be less inflationary than an income tax cut and may even, under certain circumstances, reduce the inflation rate. A social security tax cut would be expected to have effects similar to an income tax cut in stimulating aggregate demand and economic activity and thereby reducing unemployment. However, since the employer portion of social security taxes is a cost of doing business, and appears (in the long run) to be substantially passed on through higher prices, it is likely that a reduction in this tax would be less inflationary than an income tax cut (in the long run). While the evidence on this point is uncertain, it is also possible that under some economic circumstances a reduction in the social security tax may reduce the inflation rate (in the long run) because of the reduced employment costs.

C. Tax Incentives for Investment**

Tax incentives for investment are often proposed as ways of stimulating the economy, increasing productivity and reducing unemployment. This effect occurs through an increase in the demand for capital goods, induced by the tax reduction, which, like any other increased demand in the economy, expands income and reduces unemployment through multiplier effects. Economists have generally been critical, in recent years, of the use of an investment incentives as a short-term stabilizer. One of the principal reasons for these criticisms is the relatively long lag between the granting of the incentive and the actual increase in demand for capital goods. Because of this substantial lag, an investment incentive may perform poorly as a stabilization device, having little or no effect on aggregate demand during the time a stimulus is desired, and perhaps causing a stimulus in demand during the recovery period when it is not needed.

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* This section was also prepared by Donald W. Kiefer.

** This section was prepared by Jane G. Gravelle, Specialist in Taxation and Fiscal Policy.

Many economists have argued that investment incentives can have a substantial impact on the long run growth prospects of the economy and that growth, rather than stabilization, should be the goal of such incentives. An investment incentive has a "supply side" effect in that it may act to expand the size of the capital stock and thus improve productivity in the economy. Some economists have argued, however, that the increase in business capital stock may come at the expense of other uses of funds such as consumer durables (owner-occupied housing, automobiles, and other durable goods). Thus the relative benefits to society (or "trickle-down" effects) of increased productivity (higher wages and lower prices) might be offset by higher interest costs which raise the price of housing and other consumer durables.

If an investment incentive is elected, then the particular type (10-5-3, 27/ increased investment credits, shortening of asset depreciation range (ADR) lives, and indexing) would have differential effects and can be evaluated according to several criteria.

(1) These options may very in magnitude of effect and in the ease with which the relative size of the package can be altered. 10-5-3 and indexation, for example, are very expensive proposals which have effects of very large magnitude and whose magnitude cannot be easily varied. The investment credit and expansion of ADR can be set to produce the desired magnitude of effects.

(2) The options vary as to the kind of assets they favor, with the investment credit most generous to short lived assets, probably followed by indexation, then shortening of ADR lives and then by 10-5-3. Since the present tax law tends to distort investment in favor of short lived assets, a proposal which would involve accelerated depreciation or a proposal like 10-5-3 would probably be superior on grounds of neutrality (or economic efficiency). However, proposals which are even more consistent with a neutral tax system could be devised as well.

(3) The options have a different revenue loss pattern. The investment credit results in a relatively smooth pattern of revenue loss over time while accelerated depreciation is characterized by a very uneven revenue loss pattern.

(4) The options vary in their complexity and administrative costs. Accelerated depreciation and 10-5-3 (especially the latter) would tend to

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27/ Under this proposal non-residential buildings would be depreciated in ten years (against an average of more than thirty years now) and equipment and machinery would be depreciated in five years (against an average of around twelve years now). An optional three year life is allowed for the first $100,000 of investment in cars and light trucks.

simplify the tax law, the investment credit would not have much effect, and indexation would introduce additional complications.

D. Tax Incentives for Urban Job Creation

Recent legislation has been introduced to stimulate job opportunities in poverty stricken urban areas by providing tax incentives (H.R. 7563 and S. 2823). While devised as a structural program, the employment problems of inner city residents are clearly exacerbated by economic downswings. Depressed localities meeting certain qualifying criteria and agreeing to reduce property taxes would be certified by the Federal government as "Jobs and Enterprise Zones." Social security and capital gains taxes would all be reduced in these zones. Business taxes would be reduced also; however, only for those firms which have 50 percent of their employees residing within the zone.

Sponsors of the legislation estimate that the measure would cost the Federal Government approximately $1 or $2 billion in lost revenues and would encompass about 5 to 10 percent of inner city areas. They expect revenues to be generated, however, from the personal and business taxes that would not otherwise exist if the jobs had not been created. If the final cost is $1 billion, the sponsors note, this would be one-sixth the cost of CETA. No job creation estimates were given by the sponsors.

E. Direct Job Creation Policies

Direct job creation policies may be defined as policies undertaken to increase the demand for labor of specific groups experiencing high unemployment or nonemployment. Such policies may be directed toward the cyclically unemployed as well as the structurally unemployed. This paper limits itself to countercyclical job creation although the structurally unemployed, who are often made worse off during a recession, may participate in countercyclical job creation programs. 28/

Direct job creation programs may be implemented either in the public sector (public service employment), the private sector (employment subsidies) or both. Current countercyclical public service employment (PSE) programs are essentially full (100 percent) wage subsidies for the public sector (CETA, Title VI PSE) and the New Jobs Tax Credit was this Nation's first attempt at a countercyclical wage subsidy for the private sector. Both public and private sector programs, however, suffer from what has come to be called "displacement." This problem results when employers use the subsidies to hire people that they would have hired even if the subsidy would not have been given. In the public sector this occurence is often referred to as "fiscal substitution." In the private sector it is commonly referred to as a "windfall gain."

Public sector payroll savings, resulting when subsidized workers are hired in slots which would have been filled anyway, are generally used to improve the condition of local government budgets in the short run and often allow the local government to hold down sales or property taxes in the longer run. In the private sector the payroll savings in the short run may result in an expansion of output and in the longer run in lower prices. In either case, there could be some reduction in inflationary pressures as a result of lower taxes or prices.

Generally speaking, the bulk of the funds initially "gained" as a result of displacement are eventually channeled back into the economy. If this does

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28/ In a recent report to the Senate Budget Committee, the Congressional Budget Office noted that more than 95 percent of the people who are eligible for CETA Title II D public service employment (structural unemployment PSE) are also eligible for Title VI PSE (countercyclical unemployment PSE), and that more than 90 percent of those eligible for Title VI PSE are eligible for Title II D PSE. Employment and Training Reporter, Vol. II, No. 40, June 18, 1980, p. 1154.

not happen as described above, then it should occur through reduced borrowing or increased capital spending in the public sector or higher dividend payments or investment in the private sector.

The issue of displacement is clearly important in calculating the budget costs per job created. The number of jobs which would have been created even in the absence of the program needs to be subtracted from the total number of PSE or wage subsidy jobs to arrive at the net number of direct jobs created. As noted above, however, monies "saved" from displacement usually find their way back into the economy and eventually create jobs.

1. Public Service Employment

The first post-war countercyclical public service employment (PSE) program was not instituted until 1970 (Public Employment Program). Currently Title VI of the Comprehensive Employment and Training Act of 1973 (CETA), as amended, provides for countercyclical public service employment: This title calls for PSE positions to be created when the national rate of unemployment exceeds 4 percent. Funding is to be sufficient enough to provide jobs for 20 percent of the number of unemployed workers in excess of 4 percent, or 25 percent of the unemployed workers when the national rate exceeds 7 percent. In fiscal year 1979 outlays for Title VI totaled $3,285 million.

As discussed earlier, countercyclical PSE programs have traditionally been directed towards those workers who are unemployed as a result of slowdown in the national economy. In order to help these workers it is necessary to know what region(s) of the country they're located in, their industries, their occupations, and their socioeconomic group among other factors. The first part of this paper addressed these issues. The recession to date has had the most severe impact on white prime-aged males in the North Central and Great Lakes regions. Those unemployed are blue collar workers predominately in the motor vehicle, metal fabrication, steel, rubber, and construction industries. A decision must be made before PSE is used as a countercyclical program, if this group needs and will be effectively aided by PSE.

The cost per job created under PSE remains somewhat controversial. The point of debate is the displacement effect discussed earlier. Estimates for the CETA program before it was substantially revised for 1978 to reduce displacement levels, run from 20 to 60 percent in the short run (first year) and 80 to 100 percent in the long run (after one year). No displacement estimates are available for the revised program which addressed the displacement issue by restricting enrollment to low-income applicants and the long term unemployed, and by limiting wages. Assuming that the displacement ranges from 30 to 70 percent, unpublished CBO estimates show that it costs between $10,000 and $20,000 (1978 dollars) to create a person-year of public service employment. If the revised program is successful in reducing displacement these costs will fall.

Countercyclical PSE jobs have been found to have been created fairly rapidly. To the extent that the PSE program is already on the books (e.g. Title VI of CETA), programs can be started quickly since they only require expansion of current authorizations and appropriations and State and local governments can use the funds directly for job creation. For example, the number of PSE jobs was increased from approximately 290,000 in early 1977 to 730,000 in early 1978, a 440,000 gain in one year. PSE is limited primarily only by the speed with which State and localities can absorb additional job slots. Too rapid an expansion could, however, increase the displacement rate if the pressure to spend the funds causes a larger proportion of the new jobs created to be jobs which would have existed in any case.

Two types of lags exist after the funds have been appropriated — administrative and implemental. The first lag refers to the time required to draw up regulations, to prepare project applications, to process and review project applications, and to allocate funds to successful sponsoring agencies. The implemental lag reflects the time it takes for the allocated funds to be actually spent, i.e., for jobs to be created and filled. It should be fairly clear that the more targeted the program becomes (e.g., for workers unemployed 15 weeks or more and who have incomes below the poverty level) and the more comprehensive the rules, the longer these two lags become.

PSE programs are fairly easy to phase down as a recession ends as long as the lags discussed above are short. If the lags should be long, however, it is quite possible that the PSE jobs would continue into the upswing and may prove to be somewhat inflationary. In the short run, however, vacancies will be filled from the locally unemployed and would not be inflationary. Job creation programs must also be evaluated as to their longer run effects on participants. While in the short run PSE jobs create employment and generate income, they do not necessarily improve longer run employability, productivity, or post-program wages. Although evaluations have suggested that these gains do occur, methodological problems make these findings suspect. 28a/

2. Wage Subsidies and Employment Tax Credits*

a. Introduction

As part of an effort to combat the lingering effects of the 1973-1975 recession, Congress enacted the New Jobs Tax Credit (P.L. 95-30, Title II) in May 1977. The New Jobs Tax Credit is an example of an employment tax credit or wage subsidy designed to reduce cyclical unemployment. A wage subsidy can

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28a/ See, for example, Charles R. Perry et al, The Impact of Government Manpower Programs, Industrial Research Unit, The Wharton School, University of Pennsylvania, 1975.

* This section was prepared by John D. Fisk, Analyst in Labor Economics.

be defined as a payment by the Federal Government to a firm or a credit against the firm's tax liability conditional upon some feature of the firm's employment.

b. The economic effects of a wage subsidy

A wage subsidy or employment tax credit reduces a firm's employment costs in the short run without reducing the income of the workers. In theory, lower labor costs would induce firms to expand their production by hiring additional employees. Ideally, lower labor costs would also encourage price restraint by lowering the costs of production. A wage subsidy, therefore, is sometimes viewed as a tool to fight cyclical unemployment in a manner that is less inflationary than other job creation tools.

The ability of a wage subsidy to increase employment while restraining inflation may be less certain than the simple theory indicates. During a business downturn, employers may be reluctant to expand employment if the sales outlook is bleak. This may be a particularly important consideration if the wage subsidy is paid only for increases in employment above some base. (This form of subsidy is known as a marginal wage subsidy.) During a recovery from recession, the reluctance to expand employment may not exist; however, a subsidy available during the recovery period may create some inflationary pressure by increasing the demand for particular groups of workers who are in short supply.

If a wage subsidy fails to induce a firm to expand its employment above the level that would have existed in the absence of the program, then a payment to the employer would be a total windfall. (Normally, only part of the subsidy would be a windfall.) In the case of a total windfall, a wage subsidy might have effects similar to a corporate income tax cut. Consequently, indirect increases in employment and output might still occur.

c. The design of a wage subsidy

In addition to basic economic forces, design characteristics partially determine the economic effects and side effects of a wage subsidy. Design options are numerous. Only a few important design characteristics are discussed below.

A wage subsidy can either be targeted on specific demographic groups of workers or industries, or can be a general subsidy aimed at a broad spectrum of employees. In the past, a general subsidy has been enacted to deal with cyclical unemployment (the type of unemployment problem which is being discussed in this paper). Targeted subsidies have been used to deal with the problem of structural unemployment. (The Targeted Jobs Tax Credit currently in effect is an example.)

Marginal wage subsidies that pay benefits only to firms that expand their employment can be contrasted with wage subsidies that pay benefits for a firm's total employment. A marginal wage subsidy reduces, but does not eliminate, windfall payments received by firms for workers that would have been hired even in the absence of the program. Under a marginal subsidy, the budgetary cost of the employment stimulus is reduced; however, the administrative cost for employers and the Federal Government is increased.

The New Jobs Tax Credit (NJTC) illustrates how past wage subsidies focusing on cyclical unemployment have been designed. The NJTC was both a general subsidy aimed at a broad spectrum of workers, and a marginal subsidy paying benefits only for increases in employment above a base. In addition, the NJTC was a capped subsidy that limited the benefits that any one firm could receive.

d. Description of the new jobs tax credit

The NJTC allowed employers to claim a credit in 1977 and 1978 equal to 50 percent of the amount by which unemployment insurance wages exceeded 102 percent of unemployment insurance wages in the previous year. 29/ Unemployment insurance wages were the first $4,200 paid to each employee. 30/ (For example, a firm employing 10 workers and paying each worker $12,000 would have had unemployment insurance wages of $42,000, or 10 workers times $4,200 per worker.) A number of additional restrictions limited an employer's ability to claim the credit. First, the NJTC was not refundable, so firms with no tax liability received no benefits. Second, the NJTC was a capped subsidy. No employer could claim a credit that exceeded $100,000 per year, 25 percent of the firm's unemployment insurance wages, or 50 percent of the difference between the firm's total wages and 105 percent of the previous year's total wages. Third, the amount of wages normally deducted as a business expense when computing taxable income had to be reduced by the amount of the credit. Finally, firms were able to claim an additional credit subject to a number of limitations if certain handicapped workers were hired. 31/

e. An evaluation of the new jobs tax credit

As the above description of the NJTC demonstrates, the NJTC was a highly complex subsidy with restrictive eligibility. A number of experts have faulted

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29/ In 1979, the Targeted Jobs Tax Credit replaced the NJTC.

30/ In 1978, unemployment insurance wages were the first $6,000 paid to each employee, instead of $4,200. The NJTC, however, retained the old $4,200 figure for purposes of computing the credit.

31/ Hjorth, Roland L. New Jobs Tax Credit. Taxes — The Tax Magazine, v. 55, no. 11, November 1977: 707-714; U.S. Congress. Senate. Committee on the Budget. Tax Expenditures. Washington, U.S. Govt. Print. Off., 1978. p. 127-130. At head of title: 95th Congress, 2d Session, Committee Print.

the NJTC for this reason. 32/ A U.S. Census Bureau survey found that only 20 percent of all firms that knew of the NJTC's existence believed that they were eligible to claim the credit. 33/

The Census Bureau survey also suggests that roughly three fourths of all employers were unaware of the NJTC's existence. 34/ Lack of knowledge about employment tax credits has been a constant problem in other U.S. wage subsidy programs. To be effective, wage subsidies must be better publicized than they have been in the past.

Even though many firms were unaware of the credit's existence, empirical studies have found that the NJTC increased employment. 35/ John Bishop and Robert Haveman of the Institute for Research on Poverty at the University of Wisconsin tentatively estimated that the NJTC caused a net increase in employment between mid-1977 and mid-1978 of 150,000 to 670,000 jobs in the construction, wholesale, and retail trade industries. 36/ Bishop and Haveman also found

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32/ Testimony of Robert Eisner in U.S. Congress. Senate. Committee on Finance. Subcommittee on Administration of the Internal Revenue Code. Jobs Tax Credit. Joint hearings, before the Subcommittee on Administration of the Internal Revenue Code of the Committee on Finance and the Select Committee on Small Business, 95th COngress, 2d session. Washington, U.S. Govt. Print. Off., 1978. Hearings held July 18 and 26, 1978; Hjorth, Roland L. New Jobs Tax Credit, p. 707-714.

33/ U.S. Bureau of the Census. New Jobs tax Credit Survey Covering 1977 Tax Year. April 1978. Table 3.

34/ Ibid., Table 1.

35/ Perloff, Jeffrey M. and Michael L. Wachter. The New Jobs Tax Credit: An Evaluation of the 1977-1978 Wage Subsidy Program. American Economic Review, v. 69, no. 2, May 1979: 173-179; Bishop, John and Robert Haveman. Selective Employment Subsidies: Can Okun's Law Be Repealed? American Economic Review, v. 69, no. 2, May 1979: 124-130.

36/ Bishop, John and Robert Haveman. Selective Employment Subsidies: Can Okun's Law Be Repealed?, p. 127.

that the NJTC caused prices in these industries to rise more slowly than they would have otherwise. 37/

It is important to note that estimated increases in employment caused by the NJTC occurred in the private sector, and occurred within a fairly short period of time after the credit's enactment. Some policy makers view private sector job creation as particularly desirable because skills obtained in a subsidized private sector job may be easily transferable to an unsubsidized job in the private sector. In the long run, the development of such skills would tend to lead to higher productivity growth rates. The speed with which employment increased is another feature of the NJTC which may be viewed as desirable. Irwin Garfinkel of the Institute for Research on Poverty and John L. Palmer of the Brookings Institution have suggested that "the timing of the effects of a wage subsidy can be expected to be on a par with that of other forms of general business tax cuts, perhaps somewhat quicker if a large portion of the total subsidy induces additional employment." 38/

The NJTC subsidized some employment which would have occurred even in the absence of the program. Employers, therefore, received windfall payments. (Fiscal substitution in public service employment is a similar phenomenon.) The extent of these windfalls is measured by the displacement rate, or the portion of the gross increase in employment which would have occurred even if

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37/ Ibid., p. 128-129.

38/ Garfinkel, Irwin and John L. Palmer. Issues, Evidence, and Implications. In John L. Palmer, ed., Creating Jobs. Washington, The Brookings Institution, 1978. p. 9.

the NJTC did not exist. (Windfall payments may still indirectly increase employment by stimulating aggregate demand.)

Estimates of the displacement rate in the NJTC are conjectural. The Census Bureau survey suggested that 75 percent of the firms who knew about the NJTC and were eligilbe to receive it used it to increase employment which would have taken place even without the program. 39/ European experience with wage subsidies similar to the NJTC suggests a displacement rate of over 50 percent. 40/

One of the most attractive features of the NJTC was its reported low cost per net job created, even though the displacement rate is estimated to be very large. Although a great deal of uncertainty exists about the cost per net job for any employment stimulus program, rough estimates have been prepared for the NJTC. Isabel Sawhill, formerly director of the National Commission for Manpower Policy, estimated that the cost per net job for the NJTC was approximately $6,300. 41/ Her estimate includes only direct job creation, and ignores indirect increases in employment that occur as the effects of the credit work

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39/ U.S. Census Bureau. New Jobs Tax Survey Covering 1977 Tax Year, Table 7.

40/ Ashenfelter, Orley. Current European Manpower Policies. In Fourth Annual Report to the President and the Congress of the National Commission For Manpower policy. Washington, U.S. Govt. Print. Off. December 1978. p. 67-68.

41/ Sawhill, Isabel V. Employment Subsidies and Tax Credits As a Response to Unemployment. In Fourth Annual Report to the President and the Congress of the National Commission For Manpower Policy. Washington, U.S. Govt. Print. Off., December 1978. p. 38. Sawhill assumed an 80 percent displacement rate.

their way through the economy. The Congressional Budget Office (CBO) has also prepared an estimate. They suggested that the cost per net job for the NJTC was $14,700 to $17,500. 42/ The CBO estimate includes both direct and indirect increases in employment. The disparity in these two figures indicates the weakness of these estimates, particularly when CBO assumed a much smaller displacement rate than did Sawhill.

f. Summary

Wage subsidies work by lowering labor costs for employers. Lower labor costs hopefully induce firms to expand employment while restraining inflation. There is some evidence that the NJTC succeeded in increasing employment and restraining inflation during the recovery from the 1973-1975 recession. In addition, the NJTC appears to have had a relatively low cost per net job created. Lack of knowledge about the program and an unwillingness to participate, however, limited the NJTC's effectiveness. Any future wage subsidy aimed at cyclical unemployment might be able to avoid these problems by vigorously publicizing the program and by simplifying the design. A simpler design that eliminated caps on the subsidy, however, would tend to raise program costs.

42/ Unpublished Congressional Budget Office estimate prepared by Frank Russek at the request of Senators Nelson, Haskell, and Hathaway. Russek assumed a displacement rate of 25 to 50 percent but also added back jobs resulting from the effects of increased aggregate demand generated by the windfall gains.

F. Countercyclical Public Works

1. Economic Development Administration (EDA) Public Works

Over the past decade most public works projects and proposals have dealt with rapid expansion of EDA-type public works including construction, renovation, or repair of local public works (sewers, streets, buildings, and other public facilities.) One of the main objectives of such programs is to generate employment opportunities for workers in construction and related industries.

A $6 billion emergency public works program ($2 billion under 94th Congress and an additional $4 billion under the 95th Congress) was designed specifically as a countercyclical measure in fiscal year 1977. The following discussion is based on preliminary results from an Economic Development Administration evaluation of this program. The Local Public Works Capital Development and Investment Act (LPW I) was passed by Congress over President Ford's veto on July 22, 1976, and became Title I of the Public Works Employment Act of 1976.

Under LPW I EDA awarded over 2,000 grants totalling $2 billion for State and local government public works projects designed to stimulate employment. Funds were allocated among the States based on severity and magnitude of unemployment and within States on the basis of a complicated allocation formula.

Due to the overwhelming response to this program (22,000 eligible applications totalling more than $20 billion were received) a continuation was proposed by President Carter in his economic stimulus package. LPW II was passed by Congress and signed into law on May 13, 1977. The new program, however, had several changes to correct some of the problems encountered under the first wave of funding.

In recent testimony before Congress, Robert Hall, Assistant Secretary of Commerce for Economic Development (June 17 before the Joint Economic

Committee), presented preliminary data from EDA's ongoing evaluation of the LPW I and LPW II programs. Based on actual direct employment data through December 1979, Hall projected that these public works projects (10,616 in all) provided employment for over 1 million persons in the construction industry, representing approximately 96,000 person-years of on-site employment. 43/ In addition to this direct employment, public works projects generate employment in supply industries (indirect employment), and industries affected by increased private sector consumption (induced employment). (These effects also occur in PSE and private sector wage subsidy programs.) Hall estimated that an additional 66,000 person-years of employment were generated in supply industries and another 193,000 to 222,000 were induced as a result of LPW I and II. In sum, the $6 billion countercyclical public works program is estimated to have created between 355,000 and 384,000 person years of employment. Hall then went on to estimate the cost of a person-year of employment. If all employment effects are taken into account the average cost per person-year of employment is estimated to be between $15,500 and $17,000. On the other hand the average cost of a direct person year of employment (on-site job) is estimated to be $62,500. The cost per direct and indirect person-year is about $37,000.

Hall in his calculations has assumed no displacement. Some of those employed on federally funded State and local public works projects, however, would have been employed anyway on other public or private projects in the absence of federal funding. It is necessary to estimate the extent of this fiscal substitution and job displacement to arrive at the net job creating potential of the public works program. (Fiscal substitution results when Federal

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43/ A person-year takes into account the fact that the average worker is employed for a short time on one of these projects, approximately one month.

funds are used for a project that would have been funded by the State or local government in the absence of the Federal money. Job displacement occurs when the Federally-funded projects employs workers that would have been employed in the private sector in the absence of the project.)

Estimates of the substitution and displacement effects show wide disparity as they did for PSE programs. Displacement effects range from a low of 9 percent to a high of 65 percent in the short run and from 80 to 100 percent in the long run. If one were to assume a 25 percent displacement rate, the direct person-years estimated by Hall would fall to 72,000, the indirect to 45,000 (assuming the ratio of indirect to direct jobs remains the same), and the induced to 145,000 to 166,000 (assuming a employment multiplier of between 2.0 and 2.3). Thus, the total person years of employment created, assuming a 25 percent displacement rate, would range between 262,000 and 283,000. The cost of a direct person-year of employment created would then be more than $83,000, of a direct plus indirect person-year $51,228, and of a total person-year $21,000 to $23,000.

It is important to note those groups of unemployed who gain from public works projects to determine if the program is meeting its policy objectives. Of the million persons who are projected to have been employed as a result of LPW I and LPW II (recall that the average worker on these public works projects was employed 3-1/2 weeks), two-thirds were skilled workers, 29 percent unskilled workers, and 4 percent had clerical, service, or administrative jobs. Furthermore, the total wage payments to on-site workers were only about 30 percent of the total $6 billion spent. Thus, this public works program did not greatly aid unskilled workers and the majority of the funds went to payments for other than wages.

LPW I and LPW II projects provided construction employment primarily to workers with strong ties to the construction industry. For most workers, LPW provided a continuity of employment. Only 13 percent of those hired were unemployed just prior to their LPW jobs. However, nearly 35 percent of all workers were unemployed at least once in the year before the LPW hire, while 15 percent were unemployed two or more times.

It is important to note that countercyclical public works programs do more than just create jobs. They also produce necessary and long-lasting public improvements in the form of roads, libraries, schools, sewer and water projects, parks, and so on. These public works programs also may offer local budgetary relief. To the extent that LPW funds allow local jurisdictions not to raise taxes or deter public services, they reduce the financial burdens which often hit State and local economies during recessionary periods.

The timing of LPW projects has been one of the major criticisms waged against these programs. Due to the inability to predict the length and severity of economic downswings, and delays resulting from legislative, administrative, and implemental lags, the stimulative effects of countercyclical public works often end up being procyclical. More specifically, data show that the combined LPW I and II monthly outlays peaked in the second quarter of 1978, three years after the trough of the 1973-1975 recession and well into the economic expansion. Likewise, direct program employment which began in early 1977, peaked in 1978 and continued into 1979. By the time these public works projects were generating employment, construction unemployment had nearly halved from about 20 percent to approximately 10 percent.

The issue as to if the timing problems of public works programs remains insurmountable is highly controversial. While some researchers have argued that a stand-by program which could be quickly implemented and targeted at labor-intensive public works projects would greatly reduce the typical delays, others note that the required planning, the delays in securing materials and a labor force and the time it takes to complete such projects, would still cause LPW projects to be procyclical. A recent OMB study 44/ estimated that even if a program similar to the recent LPW program were to be implemented exactly at the beginning of the economic contraction, and that all projects were started 90 days from implementation, less than one fifth of total program employment and outlays would be generated within an average cyclical contraction (the average is just under a year). If the implementation were delayed one quarter, it is estimated that less than one tenth of project construction activities, 14 percent of total program employment, and 18 percent of outlays would be in place before the downswing ended.

Given that public works projects have been found to be procyclical, it is not surprising that such projects may add to inflationary pressures. However, since public works projects in the past have accounted for a relatively small share of total construction spending, their inflationary impact has probably been minimal. During the peak period of LPWI and II spending in the first nine months of 1978, monthly program outlays, according to EDA figures, averaged less than 4 percent of the total value of new non-residential construction put in place. When the residential sector is included, LPW spending was only 1.8 percent of total spending. However, the availability of labor in the construction industry may pose a problem, depending on the location of projects. In many areas the construction industry cycle does not coincide with the cycle in total employment; in others it is less severe than the cycle in total

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44/ Office of Management and Budget, Special Studies Division, Economics and Government, "Public Works as Countercyclical Assistance," November 1979.

employment. It is in these areas where added demand for labor and materials resulting from public works projects may prove to be inflationary.

Public works programs have done little to increase participants' employability and productivity. This results primarily from the fact that the average public works job is less than one month long and that a large proportion of the jobs go to skilled workers.

2. Other Public Works

Numerous types of public works projects are undertaken by the Federal government in its normal course of business which, if further funded, could be used as countcyclical programs. These include military construction, water resources development projects, the building of new national parks, the rehabilitation and maintenacne of existing national parks, municipal sewage treatment plant construction, petroleum storage facility construction, postal facility construction, railroad rehabilitation and improvement, highway bridge repair and replacement, interstate highway repair and construction, airport construction and improvement, and Federal building design, construction and repair. Another type of public works program would be Federal support for apartment construction for low- to moderate-income families.

G. Countercyclical Revenue Sharing*

1. Background

Periods of recession or downturns in general economic activity can produce strains in State and local government budgets. Revenues, such as sales and income tax receipts, which are sensitive to business trends, decline or fail to increase as rapidly as they had previously. At the same time, there is an increased demand for Government services as joblessness rises. This combination can produce deficits in State and local government budgets and lead to actions, such as raising taxes or laying off public employees and reducing public services, that could exacerbate the decline in economic activity and hinder the Federal Government's efforts to stabilize the economy.

Federal concern for State and local governments during periods of economic downturn is heightened by two recent trends in the State-local sector. First, the State and local sector has been growing faster than any other major sector of the economy since 1960, from 9.8 percent of GNP in 1960 to 13.9 percent in 1979. Second, State and local governments' reliance on personal and corporate income taxes and on general sales taxes has increased, from 47.9 percent of State-local tax revenues in 1960 to 52.6 percent in 1978. 45/ Since these sources of revenue are much more sensitive to fluctuations in national economic activity than are the more traditional property taxes, cyclical downswings would have a significant impact on stabilization policy, given the importance of the State and local sector in the overall economy.

There are two interdependent objectives of Federal countercyclical aid to State and local governments. The first objective is to counter the impact of the recession by minimizing the effect of State-local actions on Federal fiscal policy. State and local governments are encouraged to aid in national stabilization policy and accelerate their spending in order to hasten the economic recovery. The second objective is to cushion the State-local sector from severe economic fluctuations by providing fiscal support to partially replace the State and local revenue loss caused by the recession.

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* This section was prepared by Stacey M. Keen, Analyst in Government Finance.

45/ 12 months ending June 1978.

Recent debate on the usefulness of Federal Government countercyclical assistance to the State and local sector centers on contrasting interpretations of the actions of State and local governments during periods of recession. One interpretation commonly known as the "perversity hypothesis" holds that in times of economic downturn the State and local sector behaves in a procyclical (destabilizing) manner, by raising taxes and/or reducing expenditures, thereby intensifying problems associated with Federal efforts to stabilize the economy. The second interpretation of available fiscal data attests that State and local governments' behavior is becoming increasingly countercyclical (stabilizing) as State and local governments apparently draw down their surpluses to maintain or increase expenditures during recessionary periods.

2. The Antirecession Fiscal Assistance Program

Antirecession fiscal assistance (ARFA) or countercyclical revenue sharing represented one component of the Federal Government's program to provide financial assistance to State and local governments experiencing budgetary problems resulting from the 1973-75 recession. Title II of the Public Works Employment Act of 1976 (P.L. 94-369) created the Antirecession Fiscal Assistance Program which distributed $1.25 billion in Federal monies to State and local governments where the unemployment rate exceeded 4.5 percent when the national unemployment rate was above 6.0 percent. Originally authorized for only one year, ARFA was extended at a level of $2.25 billion through the end of FY 78 by Title VI of the Tax Reduction and Simplification Act of 1977 (P.L. 95-30). The program expired at the end of FY 78; Congress did not pass extension legislation.

This program selectively distributed emergency assistance in the form of unrestricted grants to State and local goverments which had been adversely affected by sustained periods of unemployment. One-third of the available funds were distributed to State Governments and two-thirds to local ones. Recipient allocations were based on assigned unemployment rates and general revenue-sharing entitlements. Unemployment rates were used as a measure of how severely a particular goverment was hit by the recession, and the general revenue-sharing allocation was used to measure the size of a jurisdiction.

The effectiveness of the stimulus from a program such as this depends upon when the funds are distributed, what State and local goverments do with the money received, and how quickly the funds are expended. To serve as an effective stimulus during a recession, the funds should be provided when the economy is weakening and creating conditions that force State and local governments into destabilizing behavior.

The size of the stimulus depends upon what State and local goverments do with the money received. Hopefully, the funds are used to expand or maintain public services. To the extent that such expansion or maintenace would not have occured without the Federal funds, the monies will have a stimulative effect through the increased purchases of these services. However, it is difficult to assess precisely the direct impact of the funds because of the commingling of Federal funds with State and local funds. Fiscal substitution of Federal funds for State-local funds may diminish the effectiveness of the program to encourage economic stability. If State and local governments would have done the same thing (by increasing taxes rather than using Federal funds) or, if the grants are used directly for tax cuts, the stimulative effect would be smaller.

The funds may not be expended but, instead, used to augment the budget surplus of a jurisdiction, retire debts, or reduce borrowing. By itself, this does not mean that the program has little stimulative effect. By augmenting the surplus, the Federal funds may enable local governments to avoid tax-increases or expenditure reductions. Funds so used may reassure State and local officials, encourage anticipation of a return to more normal rates of growth in revenues and thereby increase the pace of recovery.

The timing of the recipient's responses is also important in determining the stimulative effect of the program. The indirect stimulation of the economy through the State-local sector is burdened by a number of built-in lags. Delays may result from the collection of data from the potentially eligible jurisdictions, the calculations of program allotments, the actual payment process and the decision process by the State and local governments before the money can be spent. While the law requires recipients to obligate funds within six months, this provides no guarantee of actual expenditure. The status of its budget will determine a recipient's response. If revenues are falling below planned levels, then Federal funds are likely to be spent more quickly to meet budget commitments that might otherwise have been broken. The knowledge or belief that a Federal grant will be forthcoming may lead to an expenditure that otherwise would have been cancelled or the retention of an employee who otherwise would have been let go. On the other hand, a relatively comfortable local fiscal situation may permit the augmenting of the surplus for spending in some future period. Recipients that do not have an immediate need for the funds may limit the intended stimulative effects on the economy and, perversely, may actually inject the funds into the economy at a later time when a more restrictive Federal policy is appropriate.

According to a General Accounting Office (GAO) study 46/ the majority of antirecession funds used for salaries was allocated to fill positions normally funded by other revenues. Some layoffs were prevented. States and cities reported some new hires, but cities were the only governments planning to rehire a significant portion of previously laid-off employees.

A recent Congressional Budget Office report 47/ anticipates that if an antirecession assistance program is enacted, the funds

> probably would be used mainly to offset revenue shortfalls rather than to increase state and local spending, particularly in view of the sentiment to reduce the size of state and local budgets as reflected in Proposition 13. Of course, the impact on the economy would still be expansive if revenue sharing helped maintain existing spending levels or generated state and local government tax cuts.

3. Current Legislation

The Carter Administration proposed and the 96th Congress considered legislation to re-establish the countercyclical revenue sharing program. However, the exigencies for a balanced budget in fiscal year 1981 caused the demise of the proposal. The program was deleted from the President's budget and not included in the Congressional budget resolutions.

46/ U.S. General Accounting Office. Antirecession Assistance—An Evaluation. November 24, 1977.

47/ U.S. Congress. Congressional Budget Office. Entering the 1980s: Fiscal Policy Choices. January 1980. p. 69.

The Senate passed S. 566 authorizing both antirecession assistance to State and local governments when the national unemployment rate reaches 6.5 percent and targeted fiscal assistance restricted to local governments only with an unemployment rate equal to or in excess of 6 percent. The House passed similar legislation, H.R. 5980, which was laid on the table and S. 566 was passed in lieu.

There is an important difference between the House and Senate bills considered. The House bill uses the change in GNP and real wages and salaries as a triggering mechanism 48/ while both the original program and the Senate bill use the unemployment rate for this purpose.

Because a recession is identified principally by a decline in GNP, its impact on State and local revenues will be determined by changes in the major components of GNP and the extent to which individual governments tax those income sources. Based on the sources of tax revenue used by State and local governments, we would expect the impact of a recession on those governments to be felt mainly through reduced personal income. Since wages and salaries constitute nearly two-thirds of total personal income (transfer payments and interest income are the other main components), it might be appropriate to approximate the change in personal income by including any changes in wages and salaries in an antirecession assistance formula.

The use of unemployment as a means of allocating Federal assistance to State and local governments has come under scrutiny, both as a measure of recession as well as a community's fiscal stress resulting from long-term economic decline.

48/ A triggering factor is an economic variable closely related to changes in overall economic conditions.

Local rates of unemployment are of poor quality and reliability particularly in communities with populations below 50,000. The composite techniques by which local unemployment statistics are developed produce unreliable figures principally because of the methods used to estimate the amount of the labor force outside the unemployment insurance system and to break down labor market statistics to smaller areas. 48a/

H. Job Sharing

Another countercyclical employment program which has been receiving increasing attention is to encourage work sharing via jobless benefits to partially unemployed individuals. In essence these programs would permit the payment of prorated unemployment insurance benefits to employees laid off for a portion of the week as a work-sharing (unemployment-sharing) alternative to total layoffs of selected employees. It is argued that such programs would redistribute the burden of recession and put a halt to the past practice of laying-off minorities, youth, and women first.

The program is perceived as being voluntary on the part of employers with approval of the union required in shops with collective bargaining representation. To date, both sides have voiced reservations about the program, particularly the unions. They see this form of countercyclical work-sharing as spreading the "misery" of unemployment and undercutting the seniority system. 49/

48a/ See Martin Ziegler, Efforts to improve estimates of State and local unemployment, Monthly Labor Review, Nov. 1977, p. 12-18.

49/ Some unions such as Amalgamated Clothing and Textiles Workers Union, the International Brotherhood of Painters and Allied Trades, the International Union of Electrical, Radio and Machine Workers, and the Amalgamated Meat Cutters and Butcher Workmen of North America have had work-sharing clauses of one form or another in their contracts. See Collective Bargaining Negotiations and Contracts, Basic Patterns Clause Finder, Volume 2, p. 60:301-60:305, The Bureau of National Affairs, May 20, 1976.

Currently only California allows the payment of jobless benefits for a one or two-day layoff per week. 50/ Some companies and industries outside California already use reduced workweeks instead of layoffs to reduce costs, but UI benefits are not paid Congresswoman Patricia Schroeder has introduced legislation which would encourage other States to particpate in the program (H.R. 7529).

If such a countercyclical work-sharing program became widely utilized, there would be less full-time unemployment, more workers would be able to retain their jobs, continue development of their skills, and maintain most of their income. It is also hoped that fringe benefits would be continued. While the California program does not compell employers to maintain fringe benefits, California officials know of no firms participating in the program that had canceled or reduced these benefits.

Employers would also benefit by partipating in the program to the extent that they save the rehiring and retraining expenses that typically occur with layoffs. Those employees who find work elsewhere after they are laid off may never return to their former employers.

The program could also have other effects. It may put an end to the last-hired/first-fired policies of many firms thus aiding blacks, youth and women. It could reduce the need for other countercyclical measures. The program has some drawbacks as well. Since employers are allowed to retain their workers, they may be more anxious to resort to cutbacks than cut costs other ways. The last-hired/first-fired employment policy is not guaranteed to be broken down

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50/ California changed its law in response to passage of Proposition 13 in the summer of 1978. It was feared at that time that the reduction in State revenues would cause a cutback in the public work force, and the new program was enacted to provide an alternative to layoffs.

by this program. Firms may still lay off their new workers and apply a reduced workweek to their more senior and skilled employees. The seniority rights which many workers have spent years to achieve could be easily abrogated by the program.

The costs of a countercyclical work-sharing program using shared unemployment compensation remains uncertain. Several factors would affect the plan's costs under the current Federal-State unemployment insurance system. In nearly every State a company's UI tax rate is based on a host of factors including the number of its employees who collect benefits and the amount of benefits paid. Generally, the more an employer's workers collect in benefits, the more that must be paid in UI taxes.

The program discussed in this section could increase the level of an employer's taxes. Low wage earners, often with short work histories, are usually the workers laid off and who collect benefits. Under this program, however, higher-paid workers with long work histories would be put on shorter hours and receive benefits. Since benefit levels are based on earnings and duration of benefits on work history, those higher-paid workers participating in the program would receive greater benefits for a longer duration. Thus, UI outlays will be larger than would have been the case if low-wage earners with short work histories were laid off. These higher expenditures for UI benefits will raise the amount of taxes an employer must pay into the UI system.

Also, since it is expected that firms will maintain fringe benefits, a company would have to pay more for them than if it laid off workers totally and terminated their benefits. Furthermore, costs would increase because some workers who would have been put on shorter workweeks even without the program will now be eligible to receive benefits. If more claims are filed as a result of the program, administrative costs would also rise.

On the other hand, employers would also be able to reduce their costs. Payrolls would be lower because wages of all their workers, not just the lower paid ones, would be reduced. They would also save rehiring and retraining costs for employees who were laid off and would not have come back.

All in all, the extent to which the added costs outweigh the added reductions, or vice versa, is not clear. Each firm will have to carefully calculate if the desribed countercyclical work-sharing program is a viable alternative to full-time layoffs for its purposes. A complete evaluation of the California program is currently underway which should give some better insights as to the extent of its costs. A similar program was tried in Canada in 1977-1979 but the evaluation of the program was high controversial with the U.S. Department of Labor challenging its validity.

Implementation of this program, assuming it was enacted, should be relatively fast. Employers would decide, within the prescribed rules and regulations, when to put the program into effect for their firms. The program should also yield long-run productivity gains by keeping a skilled workforce gainfully employed. If the program encourages the retention of poor workers, however, such productivity gains will be reduced. In the short-run the program should have no inflationary impact as workers who would have been unemployed are being partially retained by their employers. In the longer run the program may reduce inflationary pressures due to the fact that retained workers will be more productive.

V. WHAT WE HAVE LEARNED

This report has identified the scope and nature of six major countercyclical employment programs and examined the available evidence as to their (1) potential for job creation (including estimates, where available, on cost per job created), (2) speed of job creation, (3) effects on program participants, and (4) effects on wages, prices, and productivity in both the short- and long runs. As reviewed in the first chapter the cyclically unemployed are unevenly distributed across sectors, occupations, socioeconomic groups and regions. It is important to have these facts because different programs affect different groups and within different time frames.

The second chapter discussed the existing Federal programs which may be utilized to lessen the financial impact of being cyclically unemployed. The most responsive program to economic downturns is the unemployment insurance (UI) system. As noted in the discussion, however, not all cyclically unemployed have the same level or duration of benefits due to varying preunemployment wage levels and number of years worked. Trade Adjustment Assistance (TAA) has come to play a major role in this recession having been granted to 380,000 automobile workers in FY80. While the food stamp program has also been shown to be somewhat responsive to recessions, the other major income tranfer programs are, at best, marginally responsive.

Chapter three briefly discussed the interrelationship between changes in the unemployment rate and the Federal deficit. According to recent CBO estimates a 1 percentage point change in the unemployment rate (more specifically from 7.0 to 8.0 percent) would increase the budget deficit by $25 to $29 billion. Five to seven billion dollars of this was attributed to increased outlays (70 percent due to increased UI expenditures) and $20 to $22 billion due to revenue losses. CRS in an earlier work, however, has noted that the size of the deficit associated with a 1 percentage point change in unemployment varies depending upon the initial rate of unemployment. The higher the unemployment rate, the greater the increase in the size of the deficit.

A variety of countercyclical employment programs were discussed in chapter four. Generally, there are two types of programs -- direct and indirect. Public service employment (100 percent wage subsidization in the public sector) and private-sector wage subsidization are forms of direct job creation. Public works is also a direct program with jobs being created as a result of increasing expenditures on public works projects. Public works programs also produce public improvements in the form of roads, sewer and water projects, public buildings, and the like. Tax cuts (personal, business, and payroll) and countercyclical revenue sharing are examples of indirect job creation. Countercyclical work-sharing is a job maintenance program.

Of all the measures examined, the least expensive and the most rapidly implemented were PSE and private-sector wage subsidies. PSE has clearly been the more popular of the two in terms of Government support. However, current Federal emphasis on private sector initiatives (see, for example, the priorities for job creation in the Humphrey-Hawkins Act) may shift this balance.

In direct job creation policies, one faces the problem of displacement -- Federal funds being spent for activities which would have taken place even in the absence of the Federal program. The estimates for displacement for countercyclical PSE, private sector wage subsidization, and countercyclical public works vary widely. Because of this it is extremely difficult to compare the costs of creating a job across these programs. By juggling the displacement rates one could "prove" that any given program is "better" than the rest. Thus, no comparisons will be made in this paper. Policymakers, however, will need to design their programs to minimize the displacement effects, as in the CETA revisions of 1978, in order to achieve the greatest employment impact for the monies spent. Countercyclical revenue sharing may also cause State and local governments to substitute Federal funds for projects which would have been undertaken by the State and local government regardless.

While PSE and wage subsidies may be targeted at large groups, public works programs are directed primarily toward the construction and its support industries. The choice between PSE and wage subsidies, since they can both be targeted at the same group, depends upon the preferences of the policymakers. The costs per job created of the two programs are believed to be relatively similar and the time for implementation is shortest for these two programs. Wage subsidies in the past, however, have been inhibited by inadequate dissemination to employers of the provisions of the law, overly burdensome administrative procedures, and subsidies which were viewed as too small by employers.

Economic theory suggests that the private-sector route would probably yield a higher benefit-cost ratio. Private employers have an established production process and marketing channel for the products produced, whereas PSE programs often are undertaken with no clear definition of the expected output and no clear measure of productivity. On the other hand, public service employment may fill some unmet public need while subsidized private sector firms may displace other production of nonsubsidized firms.

Tax cuts are probably the least effective short-run employment-inducing program per dollar spent. Since beneficiaries typically save a substantial portion of their tax cut, the job-creating impact is reduced and severely delayed.

Countercyclical revenue sharing is not a direct job-creating program. Rather, its purpose is to lessen the impact of economic downturns on State and local governments (allow them to maintain the level of current services) and to influence the State or locality to behave in a stabilizing manner (e.g. not to raise taxes).

Countercyclical work-sharing programs are geared toward worker retention. While not directly job creation in intent, they do, if successful, prevent workers from being laid off full time. The experience with work-sharing programs as a countercyclical tool in this nation is quite limited. Such programs are quickly implemented. The costs of such programs, however, remain hypothetical.

In response to the current recession, policymakers may choose one or more of these programs to create jobs. (Of course, other programs exist which may be more preferable to the decisionmakers.) Two factors must be kept in mind, however. First, the average postwar recession has lasted slightly less than one year. We are now six months into our current recession which suggests that if any of these programs are implemented to reduce unemployment, it must be done fairly rapidly or there is a good chance that the program may end up being procyclical rather than countercyclical. Second, this recession so far has centered on the automobile and its support industries. With the granting of TAA benefits to autoworkers and the availability of SUB plans, these workers may be able to "ride-out the storm" without much financial difficulty. Of course, this assumes the recession will end in late 1980 or very early 1981. To the extent that these workers currently suffering from the economic downturn are members of multiearner families, the financial burden is also reduced.

The real economic problem facing the Nation then, may be a structural one. The problem of structurally unemployed workers are always exacerbated by economic downswings and it is perhaps in this area that job creation policies should be focused. Some researchers suggest that the current weakness of the auto industry is a structural rather than a cyclical one. If these researchers are correct, then a greater emphasis may need to be put on training and retraining programs. Most likely, an ideal package would contain job creation programs for the structurally unemployed and training and retraining programs for skilled workers who are losing their jobs as a result of structural changes in the economy.

The CHAIRMAN. I would like to take this opportunity to thank my friend for an outstanding and thorough statement. Most importantly, though, I would like to thank you for your candor, integrity and courage at this particular moment in the history of this country.

I do have one question I would like to ask; but, before I do, I would like to make a comment. I appreciate the fact that in your opening remarks you indicate that as we raise the issue of the crisis in the cities and the human tragedy that is taking place, that there are no cameras and few press people here.

A few days ago, and in fact even this morning in the editorial section of the Washington Post, the so-called distinguished liberal East Coast newspaper, I found that writers come here and rather than engage in credible journalism that deals with the controversy of the human misery of unemployment, inadequate education, et cetera, choose to become short-story writers and fabricate a story so that two blacks could be placed in sensational juxtaposition rather than to look at the serious tragedy of what is going on in the schools of Washington, and in the schools in other places.

We have incredible problems here trying to get people to address the reality that the cities in this country are in serious difficulty, so I appreciate your candor.

I also tend to agree with you that there are a number of people here supporting the policies of this administration that are wreaking havoc on millions of human beings and attempting to sell those policies to the people who are hurting without having any influence in changing them. I think that is a great tragedy.

The question I have deals with the statement you made on page 2, where you say: "Thus, on all scores, the administration has violated the 1978 Act and, in consequence, has brought on what may become the worst economic recession since the 1930's."

PRESIDENT'S ACCOUNTABILITY UNDER THE LAW

This is a twofold question: First of all, how can the President violate the act without a response? Do we have an oversight response? Do we have a way of challenging the President in legal, statutory, legislative terms for failure to enact legislation, and if we can, what are the dynamics that we have to put in place to get that ball rolling?

ERIC

It seems to me that I remember once the Congressional Black Caucus held hearings on governmental lawlessness, where we raised the question of administrative agencies failing to implement the laws or follow the will and intent of Congress. If your statement stands on its merits, and that is that the President has failed to observe the law, then do we have a resource as Members of the Legislature that passed the act?

Mr. HAWKINS. Yes; there is some congressional responsibility involved in the act, itself. The Economic Report of the President, which is required on an annual basis in January of each year, provides that the plan for that ensuing year must be submitted to Congress and that the appropriate committees should take some action on the plan. Now this has been done twice.

However, the committees, the appropriate committees of Congress, have not seen fit to act as they are instructed to do under the act and, here again, we have had a lack of accountability, it seems to me, on the part of the Joint Economic Committee and on the other committees to which the annual plan has been submitted and for which these committees are responsible.

This is a little more dispersed than in the case of the President, but the responsibility is still there. Now, as to any legal steps that can be taken, there is nothing in the act—as I indicated, we had wanted to put in civil remedies in the act, but, unfortunately, we were not able to sustain this. I doubt if the act would have been passed if we had. But the act does provide a certain standard by which the administration can be judged, and it was thought that failure to live up to these standards, to measure up to the standards in the act, would provide some degree of political accountability.

So, in the final analysis it is political accountability that is the only weapon that can be used and that is why, as one of the authors of the act, one who is not personally disturbed with the President in terms of his personal integrity but who differs basically with his policies, why I have taken the initiative to try to call attention to the lack of implementation and enforcement of the act. I believe that in the final analysis it is the voters of this country who have to decide whether or not the current policies are really in violation of the act, and I think we can prove that and take the necessary steps.

Other than that, I don't know of any other method we can use.

The CHAIRMAN. I would like to take this opportunity to thank my colleague again. There is a vote on the floor which I am sure my colleague would like to make. I would like to thank you for your courage and candor and continued advocacy on behalf of the people, and your testimony is deeply appreciated, and we appreciate your contribution.

Mr. HAWKINS. Mr. Chairman, may I insert for the record, with your permission, an article from today's Washington Post, entitled "L.A. Blacks Are a World Apart," which describes the condition in the area of Watts, which is within my own district, and I would like to make that available for the record.

The CHAIRMAN. Without objection, it is so ordered. We appreciate it.

[The clipping referred to follows:]

[From the Washington Post, July 30, 1980]

L.A. Blacks Are a World Apart—Watts, 15 Years After Riots, Still Feels Cut Off

(By Joel Kotkin)

Los Angeles.—The streets of Watts and the surrounding black community are testament to how little has changed in 15 years since riots devastated 150 square blocks and killed 38 people here.

Despite the election in 1973 of a black mayor, the expenditure of millions in Federal funds, and years of effort by dedicated community workers, many vacant stores and empty lots created by the riot remain.

As in 1965, scores of men, young and old, still hang around the rib joints, bars, and liquor stores, which are often virtually the only open businesses along what were once flourishing commercial strips.

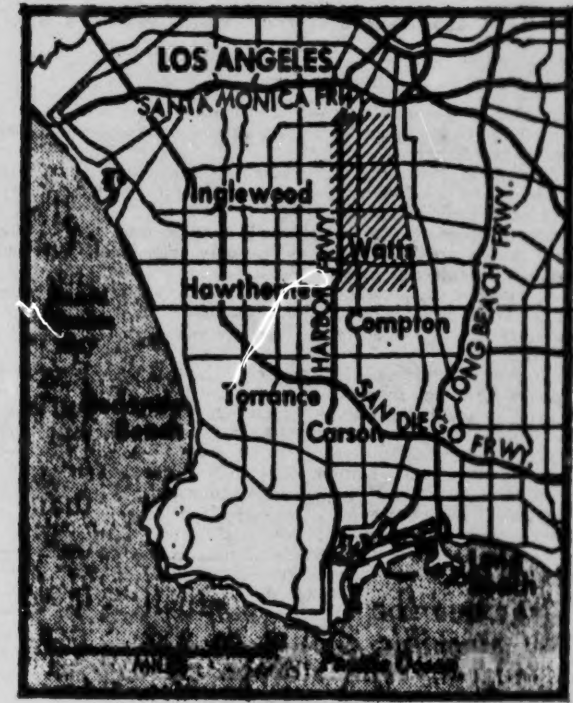
Unemployment, cited by the prestigious McCone Commission Report as one of the prime causes of the Watts riots, is now, by some estimates, twice the level of 1965 in the black community. Up to a quarter of all adults and over 50 percent of youths may be out of work.

And police-community relations—the trigger of the 1965 riots—are tense. The 5,500-member police force has been criticized for the fatal shootings of about 700 suspects since 1974, although the number of killings has tapered off lately. While the Los Angeles Police Department does not tend to shoot more often than other big-city departments, according to a recent study, it does have among the highest "kill ratios" per shooting in the Nation. Over half the victims have been black.

Recent riots in Miami have focused renewed attention this summer on ghetto conditions in the Nation's big cities. Many mayors across the country are nervously eyeing their inner city neighborhoods. A look at one of them reveals why.

Despite the presence of Mayor Tom Bradley, numerous other black elected officials and a large number of highly visible, successful blacks in the local music and movie industry, many of this city's 500,000 black people—about 17 percent of the total population—say they feel completely cut off from the mainstream of Los Angeles society.

Much of their resentment is directed at the mostly prosperous, virtually all white western and San Fernando Valley sections of the city where per capita income over the last decade shot up three times as fast as in the ghetto. The contrast is stark between Watts, with its rundown stores, vacant lots and lines of people waiting for an occasional bus, and the wealthy white communities on the west side, 5 to 10 miles away, with streets clogged with Mercedes, Cadillacs and elegantly dressed shippers.



By Richard Furno—The Washington Post

"The people on the other side of town, the people who make the decisions, they don't live here," said Shay Drummond, a 33-year-old welfare recipient. "They go to their parties, wear their jewels and all the while, we starve a little bit more. Well, that's why people around here talk about striking back like we did before and they did down in Miami."

Yet for many blacks in south-central Los Angeles, the whites in places like Beverly Hills are too distant, too far removed to affect their daily lives. More direct competition—for housing, jobs, Federal dollars—comes from the city's burgeoning Hispanic population.

Since 1970, Los Angeles' Hispanic population has grown at a rate five times that of the black community and now constitutes as much as 30 percent of the city. Many of the new residents, including large numbers of illegal aliens, have moved into the once virtually all black south-central area until today they make up one-third of the ghetto's residents.

As in Miami, many black leaders accused the Hispanics of underbidding blacks for jobs—particularly in the garment district, restaurant and other service occupations—and of being willing to pay more for rent.

"Landlords are willing to accommodate in relocating blacks in favor of Hispanics," said Linda Ferguson, a black legal aid attorney. "Black people are aware of this. It's easier to get mad at Mr. Gomez who took your apartment and your job at the service station than it is to blame the folks on the other end of town."

There are already signs of intensifying black-Hispanic conflict throughout the city, including a number of clashes between rival ethnic gangs. At the same time, black leaders have vehemently opposed the counting of illegals in the city's census, while some Hispanic organizations have bitterly attacked Mayor Bradley for allegedly favoring his own people over their community.

Illustrative of the resentment is Mary Henry, one of the city's most respected black community leaders. "This country is declaring, openly and publicity, it doesn't give a damn about us. They'll bring in Vietnamese or the Mexicans, anything to keep us down," she said.

Even Bradley, acknowledged to be widely popular in his native south-central community, has come under increasing criticism by frustrated black leaders like Henry. They accuse the mayor of being unable to pump sufficient funds into the community for the rebuilding of Watts, while promoting billion-dollar transportation plans favored by the city's business elite.

Bill Elkins, Bradley's top black aide, believes the mayor has unfairly had to bear the fury generated by conditions beyond his control. Much of the trouble in Watts, Elkins said for instance, stems from the Federal Government's cutbacks in many programs—including a reduction over the last few years in summer jobs for youth from 20,000 to 14,000.

"What you're seeing is a frustration from people who thought that when we elected a black mayor he could raise a magic wand and change the system in five years," Elkins said.

Mr. HAWKINS. Thank you.

The committee will stand in recess for 10 minutes.

[Brief recess for Members to vote.]

The CHAIRMAN. The committee will resume its business.

Our next witness is a distinguished colleague and friend, Robert Garcia, of New York, a Representative of an urban area in that city, and he is well known for his advocacy on behalf of the people and his concern for the plight of the urban centers. I would like to take the opportunity to welcome my friend and colleague before the committee. You may proceed in any fashion you deem appropriate.

STATEMENT OF HON. ROBERT GARCIA, A U.S. REPRESENTATIVE FROM THE STATE OF NEW YORK

Mr. GARCIA. Before I start to read what we have put together on my staff, I would first like to thank you, Mr. Chairman, because you have always been on the right side of the issue as far as conscience and as far as people are concerned, and you, like myself, come out of a minority community; you like myself represent those who come out of urban areas, and I think it is appropriate that we sit here today in Washington, D.C., and the first witness this morning was Congressman Hawkins, who represents Watts, in California, and the city of Los Angeles, and I come to you as a representative of the South Bronx and the city of New York, and that is from one coast to the other, and the problems are pretty much the same.

It is a different type of setting in L.A. as compared to New York, but nevertheless the same type of poverty and the same type of needs, and I commend you as the chairman of this committee for holding these hearings, because when we talk about America, as far as I am concerned, the needs are most in the urban centers and the cities across America, and I appreciate the opportunity to come before the District of Columbia, where we sit today and to talk to you in terms of how I envision the problems of the cities, and how we can help to respond to those problems, and Members of Congress.

The CHAIRMAN. I thank my friend.

Mr. GARCIA. Mr. Chairman, it is indeed a personal pleasure for me to appear before you and your committee today in order to discuss the general state of America's cities.

It is difficult, I think, to offer generalizations about any subject as vast and complex as is the American city. Were someone cheerily to make the blanket statement that our cities are thriving, I would walk with him through the rubble-strewn streets of my congressional district, the South Bronx portion of New York City, and point out many abandoned buildings, burned-out businesses, truant children, unemployed adults, dilapidated apartment houses, and dangerous street gangs.

If that same person were then to tell me with sadness that there is no hope for these inner-city people, I would impatiently walk with him to the numerous self-help projects scattered throughout my district where the black and Hispanic poor—so often denigrated by those in no position to know them—are in reality proving themselves to be the greatest and most unsung heroes of our age as they refashion their community and rebuild their own lives brick-by-brick and cinderblock-by-cinderblock.

Their heroism in the face of daily crime, a sick economy, bureaucratic inertia, and dogmatic and political attitudes toward them would serve to inspire, I am sure, my companion.

If my companion, however, were to argue that such efforts were doomed by the decline evident in all directions, I would walk with him to the nearest subway, sidestepping the garbage, the alcoholics, and the occasional drug addict, and ride the train for no more than 5 minutes.

There, within the same city and less than 2 miles from the devastated scene which earlier brought tears to his eyes, I would watch my companion's eyes light up with astonished delight as the two of us departed the subway in wondrously awesome and diverse midtown Manhattan.

Once there, after walking past the continental sidewalk cafes, the modern skyscrapers, the chic plazas, the fabulously expensive boutiques, the renowned museums, and the exciting Broadway shows, if my companion were to state that my city was truly wonderful, I would now take him back to my district, force him to watch a 50-year-old building burn to the ground as a result of arson, make him continue to watch in horror as teenagers and young children hurl rock after rock at the arriving firemen, and then ask him to tell me just how wonderful the city is.

Mr. Chairman, I have known for some time what my imaginary friend has recently learned—it is as useless for any of us to speak of an urban crisis as it is for us to speak of an urban renaissance. I know that each of these phrases has been bandied about during the course of these hearings and, frankly, I believe that each phrase is as emotionally charged as it is thoroughly void of intellectual substance.

This is not to say, of course, that our patent inability to characterize the state of urban America must, of necessity, yield to an inability on our part to analyze urban conditions. Far from it, Mr. Chairman. I do believe, however, that if we are to be true to the spirit of our great urban heroes of today—the inner-city residents who thrive on a spirit of community, cooperation, and enterprise—then we must be as precise as is possible in our thinking about what the Federal Government can and cannot do to help our cities.

Specifically, we must understand that for certain policy purposes the three areas visited by my imaginary friend—tragically declined, hopefully heroic, and fabulously exciting—are part of the same economic entity and for certain other purposes the three areas are absolutely unique.

As I shall explain in these remarks, when viewed in the former context, national economic policy is of greatest significance. When viewed in the latter context, targeted tax policy is of greatest significance.

Jurisdictionally, of course, the three areas of my city are part of the same metropolis, but I am referring to something more important for our purposes, however. Each seemingly different area is part of the same economy—local, regional, and national—and to the extent that Federal economic policymakers devise policies which pit city against city, State against State, and region against region, all of our cities, States, and regions will lose.

When growth is encouraged in the Sun Belt through the relocation of businesses formerly located in the Northeast, when mayors must devote their time to lobbying the Federal Government for a share of scarce resources instead of governing their communities, when such policies as planned shrinkage gain currency in cities which face opportunity losses instead of gains, then I submit that all of our cities, large and small, are the losers despite any apparent signs to the contrary in some of those cities.

PRINCIPLE OF URBAN DEVELOPMENT

The great principle of urban development throughout the history of the world, I would argue, is that people move from areas of less opportunity to areas of greater opportunity. I urge the members of this committee to keep this principle firmly in mind at all times, just as I urge my fellow members of the House Subcommittee on Housing and Community Development to do likewise.

I would contend further that the opportunities need not be economic alone, or even primarily. How else can one explain the eagerness of economically comfortable Jewish scientists to depart the Soviet Union for a rigorous life in Israel other than to conclude that freedom of religion and the right to practice freely their profession is of utmost importance to them?

How else can one explain the boatloads of Haitians and Cubans, initially willing to face difficult lives, who nevertheless surge into our country, other than to conclude that we offer something which these people never had? Indeed, how else can one explain in its entirety the history of the United States and its cities, villages, and towns other than by reference to this great principle which equates urban development with opportunity development?

Permit me, Mr. Chairman, to state my point once again, for it is crucially important. The great principle of urban development throughout the history of the world is that people move from areas of less opportunity to areas of greater opportunity.

Let us not be so blinded by the modern alphabet soup of government and its programs, vitally important as they are—HUD, EDA, IRS, DOT, DOL, UDAG, CDBG, and so on—that we forget the simple truth that the history of urban development is the history of opportunity development.

To the extent that a Government program increases the opportunities of some or all Americans without correspondingly decreasing the opportunities of any Americans, then that program has provided us with an example of the proper role of Government in bringing about American urban development, that is, opportunity enhancement not limited to a particular place but instead resulting in enhanced opportunities facing the Nation as a whole. And, to the extent that we pit any aggregation of Americans against another, to that extent we have American urban antidevelopmental policies.

How do we attain the former and avoid the latter? This, it seems to me, Mr. Cnairman, is the most significant question faced by this committee. It requires a recognition by the members of this committee that the seemingly separate issues of urban redevelopment and the enhancement of national productivity are exactly one and the same.

We attain the former and avoid the latter approach by recognizing that any policy which provides for the economic growth of our entire Nation without accomplishing this at the expense of any part of our Nation is by far the boldest, most innovative, least costly, least bureaucratic, and most efficient urban policy this Nation could possibly hope to devise.

There is only one way that the three very different areas of my city which I described earlier can thrive simultaneously as they frankly are not doing now: through national growth policies designed to make all parts of our land highly productive once again. There is only one way that my city and the midwestern farm areas which feed it can thrive simultaneously as they frankly are not doing now: through national growth policies designed to make all parts of our land highly productive once again.

And there is only one way that the South Bronxes of the United States will ever be able to capture the enterprising spirit of their residents whose affections for their homes is so great that they have not left them during these hard times, and I would like to divert for a second, Mr. Chairman. One of the basic problems we have in areas like the South Bronx and whether you talk about the South Side of Chicago, or Watts, or you talk about Liberty City in Miami, the problem is that many people portray those of us who come out of these communities and those who remain in those communities—and I blame the media for this, because the exposure that the media gives these communities are, I think, probably the biggest curse of all—they portray us as pimps, prostitutes, muggers, and pushers. They never write about Mrs. Hawkins, whose daughter graduated No. 1 from Columbia in the school of nursing, or Mr. Torres, who was a busboy in the Longchamps Restaurant in areas like across the street from city hall in New York, whose son graduated from Columbia Law School. They don't talk about that.

So it becomes increasingly difficult for us, Mr. Chairman, to try and get into the press the type of person who truly stays in spite of all the odds, and you know it as well as I do; I don't have to tell you that, but I say that because we are placing this on the record, and I think it is extremely important as this record goes forth that the media has an equal responsibility in talking about all the people and not just some of the people.

As I was saying, many of the people, even during these hard times have stayed: through national growth policies designed to make all parts of our land highly productive ones again.

This, then, Mr. Chairman, is the first reason for my identification of urban development with opportunity development.

NATIONAL POLICIES TO BE FOLLOWED

What are some of the policies which must be followed if we are to achieve these national growth policies? Mr. Chairman, I have already stated that any policy which provides for the economic growth of our entire Nation without accomplishing this at the expense of any part of our Nation is such a policy. A few specific examples come to mind:

Strict enforcement of our civil rights statutes provides for the expansion of minority involvement in the Nation's economy and does not require any lessened majority involvement.

Assistance by the Government of already existing regional industries, such as the auto industry, and the employment and business spinoffs derived from such assistance, provide for the economic growth of our Nation when such assistance does not mandate or otherwise make more likely the shift of an industry from one region to another.

Vigorous and fair enforcement by Government of both express and implied contracts lawfully entered into by various parties provides for the mutual, cooperative economic growth of our Nation's consumers and producers without resort to the perversely competitive either/or atmosphere which now characterizes public and legal discussion on this subject.

Government loans for new businesses provide for the economic growth of our Nation when, combined with comparable private sector activity, all areas of the country are recipients of loans for new commercial development.

Expanded urban homesteading, shopsteading, and lot-steading programs provide housing, jobs, and site preparation for further developmental activities in places where these now do not exist without depleting scarce resources from other areas which may also require additional housing, jobs, and site preparation.

Finally, a national development bank would go far toward providing credit to those living or working in areas which, for the most part, are not competitive with the recipients of credit from more traditional sources.

It seems to me, therefore, that above all, the Federal Government primarily must not view cities as places where the rich or poor or middle class live—specially developing whichever program it feels best suits the needs of a particular group, important as these programs often are—but rather as places which require exactly the same levels of opportunity as are found everywhere else.

To the extent that there are discrepancies in the opportunities which exist within cities—as in my city—or among cities, suburbs, and rural areas, to that extent our Nation as a whole is impoverished. When people migrate from one place to another solely because they face no opportunity for advancement of any sort where they are, our Nation as a whole is impoverished by the lack of choices offered its citizens.

But, to the extent that people migrate from one place to another, not because they face no opportunities where they are, but because they prefer instead the different opportunities found elsewhere, our Nation as a whole is enriched by its diversity of choice.

OPPORTUNITY DEVELOPMENT

In other words, Mr. Chairman, stated at its most basic, just as the great principle of urban development is opportunity development, so, too, is the great principle of opportunity development, private sector development. For it is only in the private sector that any lasting sense of accomplishment and belonging will occur, and it is only in the private sector that assets may be accumulated and a Nation's wealth created.

Thus, although the maintenance of a vigorous, productive private economy is critically necessary for all Americans if our cities are to thrive, in one respect it is even more necessary for the rural and central city poor. For a productive private sector represents the only institution in society capable of permitting the poor to escape their poverty; a weak private sector simply does not offer them that opportunity.

It is for this reason that I place no stock in the limits to growth, psychology which has attracted so many policymakers. Although I will readily admit that we may at some point run out of certain natural resources, I refuse to concede for one moment that this fact implies that we are running out of the human resources to find substitute goods and thereby to enrich our lives.

To so imply would be tantamount to accepting that the poor must remain poor forever because they were left out of the economic system when our growth allegedly began to be limited, and this is something I will never do.

If there are no limits to our Nation's growth, and if the private sector alone will provide the opportunities for all citizens to better their—and our—lives by participating in this boundless growth, how, then, do we more precisely orient our Nation's policies to providing opportunities for the poor to participate in that system and through their participation to develop the areas in which they live?

I think the answer may be found by considering for a moment that opportunity is truly a dual concept: it exists for people, and it occurs in places. When the movies of the 1940's depicted the simple country boy leaving home to make it in the big city, or when the movies of the 1970's depicted the cynical urban gentleman leaving home to find life's meaning on a farm, the same basic fact underlay both stories: an opportunity attracted a person, and the land upon which the opportunity presented itself benefited from the person's presence. Thus, growth requires people to confront real opportunities, and those opportunities, to be acted upon, require a setting.

This is the second reason, Mr. Chairman, for my identification of opportunity development with urban development. The first reason, you will recall, is that in all lands throughout the history of the world, people have migrated from areas of less opportunity to areas of greater opportunity. As opportunities in the cities develop, the land within their borders will develop as well.

Thus, the key to urban development is opportunity development, specifically the development of opportunities within the private sector.

KEMP-GARCIA BILL (H.R. 7563)

To that end, Mr. Chairman, I have introduced a bill which I would like to discuss briefly with you. That bill, the Urban Jobs and Enterprise Zone Act of 1980, which is H.R. 7563, was drafted jointly by me and a man who, in working closely together with me, has very quickly become a good friend, our colleague, Jack Kemp of New York. I should point out that our mutual draft is a revision of an earlier bill drafted by Congressman Kemp.

I suppose that it is unnecessary to remind you that Jack and I disagree on just about every possible issue. What we agree wholeheartedly upon, however, is that the key to areawide redevelopment is opportunity development—or, more precisely, the reestablishment of opportunity-producing incentives in areas where they no longer exist, but once did—and that it is proper for Government to provide incentives to attract businesses to areas which face severe depression, unemployment, and poverty.

For that purpose, in a bipartisan effort that has rapidly attracted many cosponsors from both parties and been greeted warmly in the Nation's press, Jack Kemp and I have drafted a bill which, in its essence, would permit the most decayed, poorest, and most underdeveloped areas of the country to lower a host of personal and business tax rates applicable within them in order to restore incentives for economic activity. These incentives, suffice it to say, now do not exist in these areas for the most part.

Specifically, the Kemp-Garcia bill would—

Allow city and other local governments, including those in the most severely depressed rural and urban areas, to establish enterprise zones with Federal approval;

Require any eligible businesses within the zones which take advantage of the tax reductions to hire at least 50 percent of their workers from within the zones.

I think what we mean to say in that part, Mr. Chairman, is that the original bill did not have the 50 percent requirement, and that was something that I insisted upon in terms of the bill. My staff and the staff of Congressman Kemp were working together on it.

To reduce social security payroll taxes on zone employers and employees to encourage hiring of youths and others in hard-core unemployed areas, while providing simultaneously that any temporary shortfalls to the social security trust fund be made up through general revenues.

Also, it would reduce capital gains taxes and provide faster depreciation of business assets in order to encourage investment in job-creating businesses within the zones.

Also, to permit the use of cash rather than accrual accounting methods by small firms and an extension of the loss carryforward from 7 to 10 years.

Also, to allow the establishment of duty-free foreign trade zones for the fabrication of imported and exported products.

Safety and health standards would be maintained, of course, as would all existing social programs and regulations. The hope of this legislation, however, is that as the depressed areas encounter enhanced economic opportunities, the residents of those areas will be able to get off the welfare rolls and onto the payrolls.

Our bill is still undergoing changes as it becomes circulated more widely to groups and individuals around the country and benefits from additional improvements. At some point, I would enjoy appearing before the House Ways and Means Committee with Congressman Kemp to present a more systematic exposition of our bill. We intend also to hold hearings on our draft law throughout the Nation, thereby giving the people a chance to discuss its merits, and when I say, hold, Mr. Chairman, if I may divert again, and I am almost finished with my prepared portion, when I say hold hearings, I intend not to hold these hearings in the city halls and in the Federal buildings. Our aim is to hold these hearings within the communities, themselves, the communities that we look to help, so that the input would not come from, once again, the bureaucrats, whether at the city or State level, but from the people, themselves, within these communities.

Nevertheless, whatever technical changes may take place in the future, I believe strongly right now that this targeted tax-cut approach, when combined with the nondiscriminatory national growth policies I discussed earlier, should form, and will form, the basis for a new, more cogent Federal role in the redevelopment of our Nation's urban areas. Only through the provision of economic incentives in areas where none presently exist will these areas be transformed from consumers of government services to producers of wages and taxes.

Secretary of State Muskie once stated when he was a Senator that:

> The problem of the cities is perhaps the most critical domestic issue with which this country has been confronted since the Civil War, if not since the founding of the Republic.

You and I both agree with that assessment, Mr. Chairman, but I would add to it:

> * * * and its solution requires the exact same expansion of economic and personal opportunity which led to the founding of the Republic and its explosion into greatness.

The CHAIRMAN. I would like to thank my friend for a very thoughtful and detailed statement.

I would like to go directly to page 11, of your statement, where you specifically outline your bill, and ask you to elaborate on the provisions.

For example, what are enterprise zones, and can you give us the rationale for them?

ENTERPRISE ZONES

Mr. GARCIA. Just let me backtrack, if I may. In 1948, when the Government in Puerto Rico changed from a territorial status to a commonwealth status, and when the governor was first elected, they came in with what they called Operation Bootstrap.

Operation Bootstrap made it possible for American industry to go into Puerto Rico and go into areas of the island in which they were able to get the type of tax incentives and breaks that were necessary for them to bring these manufacturing sites down, and it proved to be very successful.

Let me give you some of the examples that they used in Puerto Rico, which is what triggered this question of my thinking, because, frankly, I have had these conversations with Jack Kemp—very frank and open discussions. He is far to the right, and I am far to the left, and how do these two people get together—but I would just like to add one note: All of us who have been on the left, the cities are still in decay; all of us who have been on the right, the cities are still decaying. So maybe if there is a marriage somehow between the right and left, and maybe if everybody works together—individually we failed, so let's give it a try, and lets see if both of us together can make something work.

But just to continue, in the San Juan metropolitan area, what they did there was any person who put a facility in there was given a 10-year tax break, no payment to Federal taxes, and the Puerto Rican Government was able to bring people in.

Now, when they went to the rural areas, out in, let's say, Fajardo and places like that, they got a 20-year tax break, because those were the areas they are trying to get people to stay in, and it was turning from an agricultural society to a much more industrial society, but the jobs were as needed in those regions as they were within the metropolitan San Juan. So that with the 20-year incentive as opposed to the 10-year incentive, it proved to be very, very successful.

I am not saying it cured all the problems of Puerto Rico, because there were still large groups from Puerto Rico migrating to the United States, even during all of this, but just imagine if these plants and factories had not been brought in, what would have happened in terms of the migration between the Commonwealth of Puerto Rico and the United States.

The point is that when I speak of enterprise zones, my thinking focuses in on those types of incentives.

If I may, Mr. Chairman, just to go a step further, this bill as it is presently written is really for discussion only. This bill is not in its final form. As I said, we are going to hold hearings, and I would hope that we would have the input of people like yourself, other persons who would be interested. I think one of the dangers, and I have to be frank about this, one of the dangers when I first got involved was because it was Kemp, and I will tell you when persons on my staff were asked, they said, well, Kemp and the red flag, but let me say on this particular bill there is agreement in terms of the goals and aims, and I am in no way whatsoever stating to Mr. Kemp that I am going to follow his philosophy or he is going to follow mine, but in terms of jobs, the people in the South Bronx don't give a damn, Mr. Chairman, whether it was brought forth by Kemp or Garcia. All they want to do is work, and that is the bottomline.

So to that point, we are both in agreement on that, and I am happy to say every day we pick up more and more sponsors, from both the left and the right side of our aisles, and both left and right politically; so that maybe with this core section of people who are interested, and if we can work together, we can get something done in this next Congress. I am not sure, but it is a try.

And I may strike out, but I want to strike out swinging; I don't want to strike out looking, and that is the difference.

So when you ask the question about what I consider to be the enterprise zones, this is just an expression, but I would assume those areas where the unemployment is double, the national average would be prime enterprise zones, because in my area, as in your area, the unemployment, while they talk about the national statistics, mine is double and triple that, so I would say that those would be considered enterprise zones, where the unemployment rate falls within that category.

BUSINESS INCENTIVES IN URBAN AREAS

The CHAIRMAN. So let me ask, is the major thrust of these incentives to get businesses to move back into the urban areas or to expand? Because if it is the latter, Mr. Hawkins' testimony earlier this morning was that industry at this moment is being underutilized, and that to talk about incentives to expand their capability doesn't address the reality, because they are not fully using present capacity at this moment.

Mr. GARCIA. Well, I would say we are hopeful that we will not take an industry that is located, let's say, in an area of the Bronx, that the plant is physically located in an area where the employment rate is, let's say, less than the national average, but that the people who work there come out of communities like mine; in other words, that they commute. I would hope that that would not be what we are trying to do.

What we are trying to do is create a situation in which we can get new business to establish themselves in areas like the South Bronx, to come in from scratch, and if a person is going to expand, to come in.

Just let me give you an example, Bed-Stuy, in Brooklyn. When Bobby Kennedy went in there back in 1965, he was able to get the IBM Corp. to come in and open what we call the cable-lacing plant, and, as a former employee of IBM for many years, I can tell you it is a helluva good company to work for in terms of upward mobility, and it has been proven time and time again with the people of Bed-Stuy, who have been able to do so well that now they have moved into better neighborhoods, all in Brooklyn, and other people are now starting to economically move out. The point is when Bobby Kennedy did this, what he did was pick up the phone and said to a couple of these people up in Boston that he knew—Nick Katzenback, we know is now the counsel for the IBM Corp., but he had that type of power to be able to say, hey, we need something in Bed-Stuy.

I can't pick up the phone and say to IBM, or Xerox, or RCA, you have to open up a plant in the South Bronx. The point is, by him being able to do that, he brought the plant in. I can't do that. I have to offer the incentives. I have to offer the programs through legislation to get people to come into the South Bronx. And, as I said to you before, it is hard.

You know I met not too long ago with the Xerox Corp.; I think—I am not sure—but, anyway, the point is that one of the problems that they had was that they were afraid to send their middle management people into the South Bronx and the reasons why they were afraid to send them into the South Bronx was because of all the negatives they read and heard about the South Bronx, and they figured it was a war zone, and they wouldn't put anybody in there. These were the types of things that made it extremely difficult to get the incentives, to get companies to move into the South Bronx.

So what I hope to accomplish by offering them these types of tax incentives is what I can't do because I have neither the power nor the pull. I hope to do it by giving them from a monetary point of view what I would consider to be essential for them to be interested.

MANPOWER

The **Chairman**. Let me just ask one additional question that I think embraces a different philosophy than the one embraced in this particular legislation. A number of people around the country who have experience in the manpower field have indicated consistently that a society develops jobs not out of a vacuum, but a society develops jobs based on its commitment to solve other human problems.

For example, if the society commits itself to deal with the problems of the decaying older cities, then in making a commitment to solve that problem, it generates employment.

If a society decides that it has to deal with its energy problems by developing greater capacity in the area of mass transit, then you create employment in the construction, the maintenance, operation and all the ancillary services that go into that.

If a society addresses itself to the health needs of the country, it develops both professional and paraprofessional opportunities in the area of health. It goes right across-the-board, and that philosophy says, if America commits itself to solve the myriad of human problems that it has, then it will create the necessary jobs for its society by virtue of dealing with those particular issues.

That is a very different philosophy than the philosophy in this particular legislation, which says you can develop a jobs program dealing specifically and exclusively in the private sector, by providing opportunities for the private sector to expand and in their expansion you create employment and in creating employment you create greater resources and the economy becomes healthier.

Those are two different conflicting philosophies, and I would appreciate it if you would comment on it.

Mr. **Garcia**. You see, I disagree with you, Mr. Chairman. I think they do complement each other, and I think without the government's involvement or society's involvement in this particular case we are not going to be able to accomplish this. I mean, either one of those two pieces not being part of this, forget it; you are right. I would agree with the expressions you have just put forth. My thinking on it is that they are very much compatible and one without the other——

The **Chairman**. They are not mutually exclusive, as you see it?

Mr. **Garcia**. No; not at all.

The **CHAIRMAN**. I appreciate my colleague's presentation, and I would like to ask if counsel for the minority has questions at this point.

Mr. **DALY**. No, Mr. Chairman.

Mr. **GARCIA**. You don't even want to ask anything about Kemp?

The **CHAIRMAN**. Does counsel have any questions?

Mr. **DAVIS**. No, thank you Mr. Chairman.

The **CHAIRMAN**. I thank my colleague very much, and thank you for your contributions to these proceedings.

Our next witness this morning is Mr. William Ray, executive director of the National Association of Community Action Agency Executive Directors. As I understand, Mr. Ray is accompanied by Mr. Lawrence Wilson, chairperson of the organization's Urban Committee, and executive director of the Community Action Agency in Topeka, Kans.; and Mr. John Kearse, executive director of the Community Action Agency in Nassau County, N.Y.

I would appreciate it if you gentlemen would come forward, and I would like to take the opportunity to welcome each of you and thank you for joining us this morning.

You may proceed in any fashion you deem appropriate.

STATEMENT OF WILLIAM RAY, DIRECTOR OF GOVERNMENTAL RELATIONS, COMMUNITY ACTION AGENCY EXECUTIVE DIRECTORS ASSOCIATION, ACCOMPANIED BY LAWRENCE WILSON, CHAIRMAN, THE URBAN COMMITTEE, CAAEDA, AND JOHN KEARSE, EXECUTIVE DIRECTOR, EQUAL OPPORTUNITY COMMISSION OF NASSAU COUNTY, N.Y.

Mr. **RAY**. Thank you, Mr. Chairman. It is indeed a pleasure to appear before your committee this morning. We are, of course, from the community action world. The Community Action Agency Executive Directors Association is a professional association for over 900 community action agency executive directors around the country.

I am accompanied today by Mr. Wilson, from Topeka, Kans., and Mr. Kearse, from Hempstead, N.Y.

I first would like to say that it has been a pleasure listening to the two prior witnesses and to announce that my organization has just completed a voting analysis, and the three gentlemen, both the chairman, Mr. Dellums, Mr. Garcia, and Mr. Hawkins were 100 percent scorers on that voting analysis.

The **CHAIRMAN**. I appreciate that, my friend.

Mr. **RAY**. So I am glad we are among friends today.

COMMUNITY ACTION AGENCIES

As you know, community action agencies were created 15 years ago through the passage of the Economic Opportunity Act of 1964. We are the primary locally based antipoverty network.

Our lead agency is the Community Services Administration, formerly the Office of Economic Opportunity. And our agencies administer numerous services to the poor, such as low-income energy assistance programs, weatherization assistance programs, senior services, Head Start, and food and nutrition programs.

Our primary objective, though, is to create institutional change, so that low-income people can become self-sufficient members of our society. Over the years, we have both experienced the particular problems of urban living and saw ways to alleviate the hardship brought about by massive unemployment, hunger, inadequate housing, and poor health.

But from our vantage point, the overwhelming problem in our urban centers today is poverty—individual poverty, institutional poverty, and corporate poverty—as cities can no longer provide aid to distressed areas and distressed individuals. And with this in mind, I would like to have Mr. Wilson expand upon his experiences in Topeka, Kans., and Mr. Kearse's from New York.

The **Chairman**. Would the gentleman suspend for just a moment? You mentioned the various forms of poverty, and I would like to ask my friend before you go forward, do you include in that list debt poverty? I have a feeling there are millions of middle class Americans who are in several billions of dollars' worth of debt poverty.

Mr. **Ray**. Certainly.

Mr. **Kearse**. The credit problem is bringing us together.

STATEMENT OF LAWRENCE WILSON

Mr. **Wilson**. It is kind of interesting that about 3 weeks ago, I was honored to testify before the Government Operations Committee, and Chairwoman Cardiss Collins asked me the same question, the definition of individual poverty. I mentioned in my experiences in the past I have come across older people who had resources that were into the hundreds of thousands of dollars, who were standing in line to get, back at that time, commodity food, the forerunner of food stamps, and we questioned this person. She said: "I can't spend that money. I have to save that money until the hard times come about."

That woman, in her mind, was as poor as the woman behind her on welfare with seven kids, because she was psychologically poor. We do face that.

I might like to comment on what I have heard. I, coming from out in the Middle West, being still very naive, and thinking that there is leadership here in Washington, D.C., to solve the great problems that we have, I was very encouraged to hear the presentation made by Congressman Hawkins, and the energetic way that Congressman Garcia is trying to get the left and right to come together for the middle problem, which is us.

Chairman Dellums and members of this Committee on the District of Columbia, thank you for inviting me to testify at this hearing on the conditions of the urban centers, Washington, D.C., and the Federal role in assisting major urban areas.

I am Lawrence C. Wilson. Most people call me Larry. I am the executive director of Shawnee County Community Assistance and Action, Inc., the Community Action Agency serving Shawnee County, Kans., with its administrative office located in Topeka, Kans. The city and county is a small urban area compared to Kansas City, Mo., where I gained most of my practical experience in human service. But Topeka is the third largest city in the State of Kansas and also is in Congressman Jeffries 2d District. I wish he were here this morning.

The purpose of our agency is mandated by the Economic Opportunity Act of 1964 as amended through July 6, 1976, which is cited as the Community Services Act of 1974—CSA. If I might deviate, I never bought into the community services. Economic opportunity is the answer to the question. It is still the basis by which we establish most of our values in this country.

The functions are clearly stated in the act under sections 210(a) and 212(b). I have attached copies of those sections to your copies of my presentation.

POVERTY

I am here to testify that poverty, with a capital "P", is the worst problem existing in our urban centers and in the United States of America today. The have nots will take it away from those who have it if we get out of balance, and certainly when you are running over one-third of the population being in poverty, we are close to being out of balance. I think that you see that in Liberty City, and have we forgotten the late sixties and what happened then?

One of the problems our agency has in carrying out its mission is in encouraging other federally funded agencies and programs to deliver specific service to the poor, and to coordinate their services in a united effort.

When one reads section 212(b), it can be seen that the Federal role of a community action agency is only to plan, evaluate and encourage coordination. It is difficult to encourage coordination when those agencies plan and implement their programs in a vacuum and do not consider all the problems a family might have to overcome to escape poverty. Where those agencies do consider the total need of a family in the planning, they are restricted from coordination by rules and regulations.

I am not here to knock any agency or its programs but only to try and shed some light on the problems that we in the field are having in carrying out the legislation you passed designed to assist people in escaping from poverty. Please keep in mind that I have the administrative responsibility to implement community action programs as stated in section 210 of the Community Services Act and for my agency, and the function as prescribed in section 212(b).

IMPLEMENTING COMMUNITY ACTION PROGRAMS

I would like to give a specific example of what I mean, and I am not being facetious in providing this example. I am trying to highlight the problems as we see it at home in the field.

The Comprehensive Employment Training Act—CETA—program at home is operated by a city/county consortium called the Department of Labor Services, which submits to the U.S. Department of Labor a plan to implement the various titles under CETA. I might add that the plan they submitted was an excellent one. But it dealt with only training people for some sort of job. What that plan did not take into account was that there might be a need in that family for elderly care, child development, weatherization or home rehabilitation, legal services—other kinds of services you might find if you do an adequate family assessment of need. It also did not consider whether there was enough money to pay to keep warm, or as it is now, to keep cool. We all knew Congress developed legislation for programs to meet all the above-mentioned needs. But Congress did not mandate coordination.

Another example is the Community Development Act implemented by the Department of Housing and Urban Development. In Topeka, the city submitted a plan that involves the residents in defined target areas in planning the redevelopment of their neighborhoods. Their planning even went so far as to obtain approval from the city/county planning commission for a moratorium on zoning in the neighborhoods until they completed their plans. This is optimum in citizen participation. What was not included in that plan was a way to assess what were the needs of the families in poverty living in that neighborhood.

It appears to me that what has happened is that we have gotten legislation and appropriation for programs designed to assist people who lack the wherewithal to compete in our society and then designated to certain Federal agencies the responsibility for program implementation, thinking that the problems will be adequately dealt with. The individual problem may be solved, but what happens to the rest of the members in the family?

Let's take my first example of a person enrolling in a job-training program, and suppose that that person is the head of a household. It will probably take that person 1 to 2 years to complete his training. While this training is going on, the juveniles in his family are becoming susceptible to peer pressure in the community and that peer pressure will probably lead them into delinquency. Also, let's assume that there is a pregnant member of the family, unwed, who is concerned about the rats in the house and the danger that represents to the unborn child. Even if she is able, being a pregnant woman in the seventh month, and the heat the way it is, if she even lives through it, she is going to be awfully lucky at this time.

The point is that when the guy finishes his training and is employable, he finds that there are juvenile delinquents in the family, an infant dead of rat bites, a female member suffering from drug abuse and a society that expects him not to be late for work.

The problem is that we are not using the system already legislated to coordinate planning to its fullest extent. The system is in the Community Service Act.

NEED FOR COORDINATED PLANNING

I would recommend that coordinated planning be mandated for all the Federal agencies having legislative responsibilites to serve the poor in urban and rural America. I know that community action agencies could be the best data-collecting mechanism in the planning system through its capabilities of outreach and followup, if there was a legislative mandate to do so. CAA's have, for the past 15 years, been greatly involved in helping the poor gain an understanding of how to obtain access on decisionmaking through participation. It would be something that we would be using that we have developed in the last 15 years.

Finally, I would like to submit a copy of a paper entitled "Building Access to Decisionmaking for Low-Income People." This very well prepared paper may give further insights to the problems, as well as some solutions. The National Community Action Agency Executive Directors Association—NCAAEDA—sponsored the development of this paper and was, in part, also supported by the Community Service Administration. This paper was submitted to the White House Conference on Families by NCAAEDA's project director, Elizabeth A. Keith.

The CHAIRMAN. Without objection, it will become part of the permanent record of this proceeding.

[The information follows:]

NCAAEDA

Building Access To Decision-Making For Low-Income People

National Community Action Agency
Executive Directors Association

NATIONAL COMMUNITY ACTION AGENCY EXECUTIVE DIRECTORS ASSOCIATION

Edward R. Becks
President

Dolores Da Lomba
Executive Director

WHITE HOUSE CONFERENCE ON FAMILIES NCAAEDA PROJECT STAFF

Elizabeth A. Keith
Project Director

STATE COORDINATORS

Maggie Alston
Connecticut

Henry Alting
Michigan

Hydria Baptiste
Louisiana

Anne LaBate
New Jersey

Jessie Lester
Florida

Johnny J. Raigoza
Colorado

Michael A. Sand
Pennsylvania

Danny Valenzuela
Arizona

Sylvia Wilson
Kansas

Paul Youmans
Washington

Bill Koustenis
Project Clerk

815 15th Street, N.W., Suite 610, Washington, D.C. 20005

BUILDING ACCESS TO DECISION-MAKING FOR LOW-INCOME PEOPLE

by
Rita Mae Kelly, Michael Lang, and Dorrie Margolin

July, 1980

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INTRODUCTION

The White House Conference on Families (WHCF) symbolizes a special effort by the Carter Administration to reach out to all Americans and listen to their needs and concerns. As families are the basic unit of our society, a process that solicits the assessment and opinions of families seems a most appropriate mechanism for examining the state of the nation's major social, economic and political institutions.

In public opinion polls, community meetings, newspapers and regional hearings, American families have been expressing deep concern about the issues which affect their lives. A recurring theme in all areas is the overwhelming sense of bewilderment families experience when they must deal with the institutions and structures of modern society.

Bureaucratic procedures, insensitive professionals, and inappropriate policies and programs seem to unwantedly intrude on everyday family life. Where programs are supposed to assist families, the methods of help may actually do more harm than good. Income assistance programs in many states still force parents to separate before their children can receive assistance. Services are too frequently located and delivered at places and times convenient for program administration but not for access by service consumers. Aggravating these frustrations, families say, is a feeling of powerlessness.

To assure that programs and policies do not intrude or exacerbate problems they aim to solve, families must involve themselves in the planning, implementation and evaluation of programs and policies which affect their lives. A primary goal of the White House Conference on Families is the development of a process to facilitate such involvement. But as Conference Chairperson Jim Guy Tucker points out in a message to conference participants, the process of listening and involving families does not end with the national meetings.

> "In calling the White House Conference on Families, President Carter directed that every effort be made to reach out to all Americans so that we could listen to them -- and learn from them. This, I believe, we have done successfully. But I want to remind you that our gathering together here does not mark the end of an effort but the beginning of and even larger and more challenging undertaking -- the responsibility of translating this Conference's recommendations into reality."[1]

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[1] "Listening to American Families"

The responsibility for translating conference recommendations into reality rests with families in their local communities. Though recommendations on federal tax laws and funding priorities demand the attention of national leaders, conference participants generally express needs and concerns which are best addressed at a local level. In the following paper, "Building Access to Decision-Making for Low Income People", Kelly, Lang and Margolin describe the various situations and power structures families will encounter as they attempt to gain more control of the public and private policy making process.

By becoming more involved in public and private programs and institutions, families are fulfilling their basic role as mediator.[2] Families are one of the primary structures that stand between an individual and society, giving stability to ones private life and meaning and value to the public activities and associations. Berger and Neuhaus suggest that as mediators families (along with neighborhoods, churches and voluntary associations) alleviate the double crisis of modern society by "reducing both the anomic precariousness of individual existence in isolation from society and the threat of alienation to the public order."[3]

The strength of families as a mediating structure lies in their demonstrated ability to adapt to changing conditions. Their value to public decision making rests in their proximity to where people live -- i.e., at the place where sound policy making should begin. Many programs and strategies are being suggested on how to use more effectively this natural role of families to improve the relevance and quality of public programs.

Kenneth Keniston and the Carnegie Council on Children in their classic, All Our Children, stress the need to strengthen the capacity of families to act on their own behalf both as care giver and advocates. The positive outcome is twofold. Families regain control of their own lives, and public and private services benefit from greater input into service planning and evaluation.

Family participation in decision making extends beyond the policy and program levels. To be truly involved, families must be able to make decisons about what services they need and how they can best use them. Access to decision making at this level requires that professionals relinquish some of their control of the major social services.

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[2] The Interim Report of the Family Impact Seminar indentifies three basic categories of family functioning: membership functions; economic support and consumer functions; and nurturant, health, and socializing functions. A fourth category of functioning, coordinating and mediating is seen as essential to the successful execution of responsibilities in the other areas.

[3] Berger and Neuhaus, To Empower People, page 3.

It also demands that better and more information be available to families; and that families learn to use information to make critical decisions.

Families must also learn how the decision-making process works and where the points of intervention exist. The following monograph provides families and community workers with information about the various types of decision-making processes that may exist in their localities. By indentifying the locus and type of public decision-making, families are better able to negotiate the process and effectively express their needs and concerns. The paper specifically addresses how various strategies include low income people in the decision-making process.

This paper is one of five commissioned as part of a special project to assure that the concerns of low income families are included in the deliberations of the White House Conference on Families. Representing the cooperative efforts of the National Community Action Agency Executive Directors Association (NCAAEDA) and the Community Services Administration, this project also supports efforts to promote the participation of low income families in the local, state and national Conference activities.

NCAAEDA represents the administrators of nearly 1,000 community action agencies in cities and counties throughout the United States. Since their authorization by the Economic Opportunity Act of 1964, community action agencies have been helping low income families participate in the economic and political life of their communities. Special programs in health, housing, energy, employment, education, food and nutrition are designed not only to mitigate the consequences of poverty but also to eliminate its causes. As the national presence and voice of the local agencies, NCAAEDA seeks to increase the public awareness and understanding of the economic, social and political problems of poverty.

The Board of Directors and members of NCAAEDA would like to thank the Community Services Administration for its support and interest in this project. Special thanks also goes to the ten state coordinators who provided insight into the concerns of low income families and helped these families bring their concerns to the attention of the White House Conference on Families. We hope that this paper will help families continue their involvement in public and private policy-making initiated by the White House Conference on Families.

Washington, D.C.

July 1980

Elizabeth A. Keith

Project Director

BUILDING ACCESS TO DECISION-MAKING FOR LOW-INCOME PEOPLE

Rita Mae Kelly, Michael Lang, and Dorrie Margolin
Rutgers, The State University of New Jersey
Forum for Policy Research and Public Service
Camden College of Arts and Science

ABSTRACT

This paper addresses the question of how to build access points into local decision-making processes for low-income people. First, a review of the factors likely to influence participation in the 1980's is presented, including a brief discussion of the changing nature of the economy, the changing nature of the society, the type of decision-making dominating in the public sector, and the purposes of participation. Second, the topic of incorporating citizens into policy formulation is discussed. A typology of four major stages upon citizen participation and policy making formulation process is briefly described as is a model to evaluate the impact of the four stages upon citizen participation and Policy making. Third, various strategies for incorporating the poor into results-oriented decision-making (implementation processes) are examined. Different strategies in the private, public, and nonprofit third sectors are analyzed in terms of the methodology of the intervention used, the attitude underlying the treatment, and the view of the poor promoted. Recommendations for building access points and providing training for low-income citizens conclude the paper.

FACTORS INFLUENCING PARTICIPATION IN THE 1980s

Participation of the poor in decision-making has always been problematic. In the 1980s and indeed the last two decades of the twentieth century there are numerous factors which might well reduce such participation and its impact further. Among the more important of these factors—which also will influence sharply the functions performed by families and neighborhoods--are the changing nature of the economy and of society. The type of decision-making dominating in the public sector and the purposes of participation also influence the potential of the poor to participate.

Changing Nature of the Economy

The last quarter of the 20th century will see the economy in a constant flux. The costs of replacing outdated production facilities and of urban land in general had by the 1970s already driven many businesses from cities to more rural areas where taxes and development costs were lower. Those geographical areas that had earlier benefited from and become dependent upon steel, automobiles and fossil fuel technologies suffer ever sharper losses in construction, sales, and jobs. Long-term economic trends of 20 to 50 years, which reflect demographic and capital formation phenomena, are likely to overwhelm local neighborhood and ethnic group efforts to improve individual family well-being. Low-income citizens will need to compete for jobs not only with the better educated and more skilled middle and upper classes but also with more efficient "robot" machines which will reduce even further the saleability of physical and unskilled labor. The poor will also need to survive while the national government seeks to adjust its fiscal, monetary, and regulatory policies to suit continually changing conditions. Hard times and additional resettlement due to gentrification and the energy crisis are likely to dislocate the power bases and leadership cadres of the poor developed in the 1960s and 1970s.

Changing Nature of Society

By the 21st century the rural, farm exodus to urban areas is likely to be completed. While redistributions of people and opportunities will continue, the changes will be largely contained within and among urban areas. Urban transformation will be less of a major issue; urban maintenance—of small as well as large areas—is likely to be an increasingly important issue. Little is known about the needs and costs of urban maintenance other than that they are great and will require substantial financial and human investment and that the poor will be least technologically sophisticated in dealing with the problems.

With these economic and societal changes have come changes in basic functions performed by the basic mediating units of society: the family and the neighborhood. In an agricultural society the basic functions of producing, socializing, and nurturing humans, and of producing as well as consuming goods and services were performed by the family. With urbanization, and industrialization, most of the economic functions split off from the family to larger-scale economic/business organizations. Other family functions spun off to the neighborhoods—its schools, churches, wards, factories, and streets. The arrival of the post-industrialized/post-urbanized society will have additional unknown impacts on the family and the neighborhood. New attitudes toward the role of women, low fertility, new technologies of reproduction, high geographic mobility, rapidly changing occupations and economic institutions and the rising cost of energy sources will have strong effects upon social control mechanisms and options available to society's members. While society will still need these basic functions fulfilled, it is clear that no one national concept of either "the family" or "the neighborhood" will be available as a valid foundation for policy formulation.

Type of Decision-Making Dominating in the Public Sector

In the 1960s policy makers stressed responsiveness to the concerns of the poor, effectiveness in delivering goals and services, and the representative nature of the decision-making and delivery systems. In the 1970s these emphases had given way to demands for efficiency, productivity in the public sector, and more professionalism and rationality and less populism in decision-making. In the 1980s, because of the state of the economy, these 1970 concerns are likely to continue. To the extent that they do, the poor are likely to be further excluded from the decision-making process.

Decision-making in the policy process can follow one of three basic models. One model is the centralized, "standardized criteria" model, which stresses rationality, comprehensiveness, and technical criteria for choosing among competing courses of action and values. A second model is the "disjointed-incrementalist" approach, which stresses gradual change and local self-determination as the result of a final compromise of many competing interests. The third basic model is the "mixed-scanning" alternative, which combines the rational-comprehensive and "disjointed-incrementalist" approaches to produce a mix of fundamental and incremental decisions. The mixed-scanning model, in our judgment, is the most effective frame of reference for building access points to the local decision-making proces for low-income families. This model will undergird our presentation of different approaches to citizen participation in policy formulation and strategies for involving low-income citizens in results-oriented decision-making.

Purposes of Participation

The methodologies and mechanisms effective for participation clearly depend upon one's purposes. In broad terms, citizen participation in public policy making involves goals which either promote public policy education and the development of leadership potential or the creation of specific community changes. The methodologies appropriate for attaining these goals are not necessarily compatible, since the first is process-oriented and the second is results-oriented.

The goal of educating citizens and decision-makers about public policy requires incorporating a representative cross-section of the population into the decision-making system and comprehensively identifying problems, solution options, and probable impacts of choices. In the formulation of family policy, public policy education is likely to be the first goal of citizen participation. Families with different structures (single parent/two parent; nuclear/extended; none/one/two wage earner; orientation/procreation; primary/reconstituted; "de facto" versus "de jure") and at different stages of the life cycle (early family formation; families with school-age children; with children in transition to adulthood; with no child dependents; with elderly dependents; or aging families) will need to share views on what public policy regarding families is useful in their community.

The overall consequences of such participation are unknown. The process of such debates can lead to developing new leaders. Comprehensive participation can also alter previous political patterns. Such discussions might activate more women, minorities, and civic rather than politically-oriented citizen groups, thus changing the relative importance of these groups in local community politics. The participatory process itself, with a stress on articulation of views and leadership development, might be the purpose.

The goal of creating specific changes usually requires more selective citizen participation. Because technical and financial resources are needed to alter the policy problem, people with leadership ability and access to or control over such resources become essential. Because consensus is needed to implement objectives and even to establish specific policies, like-minded citizens are preferred. With the goal of promoting specific policies, the broad-based constituency developed in the process-oriented stage is likely to dissipate. Conflicts within the community might well arise.

INCORPORATING CITIZENS INTO THE POLICY FORMULATION PROCESS

Different societal sectors provide diverse points of access to decision-making, encourage different methodologies for intervention and lead to various strategies for incorporating the poor into decision-making.[1] Given that the local arena is where the low-income people are most likely to have an opportunity to participate and where the organizational foundations must be laid for regional, state, and national participation, we focus our attention upon local decision-making. We address the questions: First, how might citizens be more effectively and consistently included in the policy formulation process: And second, what strategies have been used to incorporate low-income people into more results-oriented decision-making?

Four Major Stages of Citizen Participation

Citizen participation in public policy formulation is a broad avenue of endeavor. It includes a host of methodologies and techniques appropriate to different stages of the public policy formulation process. To facilitate our analysis we have developed an idealized typology of four major stages of decision-making in the local urban policy formulation process: the Goals Stage; the Forum Stage; the Specific Plans Stage; and the Charrette Stage.[2] This typology makes it possible to relate distinct citizen participation methodologies to the appropriate state of the policy process and to select relevant evaluation strategies.

As Figure 1 shows, the four ideal stages are characterized in terms of their sponsor, format, methods and techniques of citizen participation, expected outcomes, nature of the decision-making process, levels of citizen involvement and type of decision-making model--fundamental (rational) or incremental (disjointed)--that is stressed.

This typology essentially follows the mixed-scanning approach in that it provides elements of a rationalistic as well as an incremental policy process. The overall process as outlined by the typology is rational in that it moves in a hierarchical fashion from the general to the particular in all phases such as information handled and geographic size of problem definition. The process is also incremental in that it builds on citizen participation as a critical element of decision-making in a pluralistic society even if this tends to produce ad hoc decisions. The broadest and most general citizen participation implied in the typology occurs at the Goals Stage; the narrowest and most specific interest-group participation occurs at the Charrette Stage. Theoretically, policies should proceed through all the stages if they are to be handled hierarchically and therefore yield the greatest results to both the policy makers and the citizenry.

The four stages of the urban policy process outlined in the typology all exist. What does not exist is any concerted attempt to link these stages in any kind of conscious decision-making process. Usually urban areas will utilize only one or two of these stages, mostly the Goals Stage, and, of course, the Specific Plan Formulation Stage. The least utilized are the Charrette and Forum Stages. The latter is a newly emerging policy tool with only several examples existing nationwide. The focus of our analysis is to make a case for the consideration of all these stages as key components for a decision-making process that combines the strengths of rationalism with the strengths of democratic incrementalism.

If a meaningful mixed-scanning approach is to exist, the formulation of specific urban policies should entail citizen participation in all four stages prior to any implementation efforts. Given this assumption, it is obvious that the outcomes of the previous stages of participation must be viewed as an input into the process variables and disposing conditions of the next stage. If no previous stage exists, obviously that "lack" is an input also.

A Model to Evaluate the Four Stages

Implicit within this four-stage framework are criteria for success and continuity of citizen participation. Given that the evaluation of the policy formulation process can not impose external values, it is necessary to use the values of citizens and sponsoring agencies as standards. In the Goals Stage, concrete policy values will presumably be stated explicitly as part of the final product/outcome. These then become possible standards by which to evaluate the processes and outcomes of the other stages. The success criteria of the Specific Plans ar[illegible]he Charrette Stages relate back to the Goals and Forum Stages. The Goals and Forum Stages, however, stress amount and breadth of involvement and the process of citizen participation more; that is, its representatives, due process, and openness. In addition, the scope and comprehensiveness of the final products are more stressed than the utility, effectiveness, and acceptability of specific plans or projects to specific interest and/or neighborhood groups.

Figure 2 depicts the focus of evaluation considered appropriate for each stage, the most appropriate timing of an evaluation in each case, the basic "success criteria" to be stressed for each, and for whom the evaluation ought to be conducted. It is assumed that the evaluators will not set their own or other external goals or values as substantive standards for success for any stage.

The theoretical connection among the four stages—particularly their sequential and developmental relationship to each other—require an evaluation framework for the entire four stages, that is, for the entire process of citizen participation in the urban policy decision-making process.

STRATEGIES FOR INCORPORATING THE POOR INTO RESULTS-ORIENTED DECISION-MAKING (IMPLEMENTATION)

It is clear that no one pat approach or strategy will suffice to ensure low-income families meaningful access to the local decision-making process. Rather, the evidence points to the need for a variety of approaches designed to focus on different access points having potential for affecting policy. However, it must be made clear that while a variety of strategies are required, this does not imply that all these are equally valuable to low-income families. Rather, each strategy seeks to redress certain perceived imbalances in the access to power. The nature of these imbalances and the remedy for it

FIGURE 1:

MAJOR STAGES OF CITIZEN PARTICIPATION IN LOCAL URBAN POLICY FORMULATION

	(1) Goals	(2) Forum	(3) Specific Plans	(4) Charrette
Usual Sponsor:	Public Agencies and nonprofit bodies	Nonprofit bodies	Planning agencies	Planning agencies
Typical format:	Continuous	Continuous	Stages	One-time event
Most prevalent methods and techniques of citizen participation	Large group discussions and debates	Large group discussions and debates	Formalized processes; public hearings; PAC Meetings	Small group dynamics
Likely Outcomes:	Generalized macro-policy	Generalized sub-macro and micro-policy	Specific sub-macro and micro-policy	Specific Micro-projects
Usual Decisionmaking Process:	Consensus	Sectional conflict	Technocratic; administrative; electoral	Consensus
Typical levels of citizen involvement:	*Experts; *Interest groups; *Wider community; Local community; Users	Experts; *Interest groups; *Wider community; *Local community; Users	*Experts; *Interest groups; *Wider community; *Local community; * Users	Experts; Interest groups; Wider community; *Local community; *Users
General Criteria:	Majority agree; Goals are basis for policy, yet flexible	Majority agree; Minority provisions; Goals furthered. Some specific proposals in furthering of citizen's goals	Majority agree; Minority provision; Goals furthered; Many specific plans for majorities and minorities.	Majority agree; Minority provisi Goals Furthered; Many specific pla site planning fo whom.
Typical decisionmaking model	Fundamental	Fundamental Incremental	Fundamental Incremental	Incremental

* Note: Asterisk is used to denote emphasis

FIGURE 2: CHARACTERISTICS OF A CONTINUOUS MODEL TO EVALUATE THE FOUR MAJOR STAGES OF CITIZEN PARTICIPATION

	(1) Goals	(2) Forum	(3) Specific Plans	(4) Charrette
Evaluation	*Operational Functional	Operational *Functional	Operational Functional *Programmatic	Operational Functional *Programmatic
Timing:	Continuous monitoring	Continuous monitoring and relate to stage 1	One-time event and related to stages 1 and 2	One-time event and related to stages 1, 2 and 3
Success Criteria:	Amount and breadth of involvement and scope of final product	Amount and breadth of involvement and comprehensiveness of result	Plans "fit" to stages 1 and 2	Project "fit" to stages 1, 2, and 3
For whom:	Participating citizens and sponsoring agencies	Participating citizens and sponsoring agencies and groups in stage 1.	Participating citizens, sponsoring agencies and groups in stages 1 and 2	Participating citizens, sponsoring agencies, and groups in stages 1, 2 & 3.

* Note: Asterisk is used to denote emphasis.

FIGURE 3

STRATEGIES FOR INCORPORATING
LOW-INCOME PEOPLE INTO DECISIONMAKING

STRATEGIES USED	EXAMPLE	METHODOLOGY/TYPE OF INTERVENTION	ATTITUDE UNDERLYING TREATMENT	VIEW OF POOR PROMOTED
PRIVATE SECTOR				
Charitable by individual, business, or foundations	Carnegie; Ford Foundation; Xerox; IBM	Developmental seed money; Demonstration grants	Paternalistic	Mixed view, disadvantaged but capable of equality with development
PUBLIC SECTOR				
Political System				
Representative	Co-optation advocate party worker	Internal political intervention	Participatory Indirect	Political equals, yet victims of economic system, injustice and legal discrimination.
City Hall	Triage; Neighborhood consolidation	Social planning	Paternalistic	Victims of market disequalibrium; social failures
Benign Neglect	Community Development Block Grant spending patterns	Stimulus-response	Pontius Pilot	Possible equals, possible victims of economic system, discrimination, market failures.
Voluntary/Civic				
Community Organization Strategies	Tenants action group	External political intervention	Activist/ participant	Equals
Administrative Process Strategies	PAC, Hsa Boards	Watchdog, advisory	Participatory/ Paternalistic	Equals - disadvantaged

FIGURE 3 continued

STRATEGIES USED	EXAMPLE	METHODOLOGY/TYPE OF INTERVENTION	ATTITUDE UNDERLYING TREATMENT	VIEW OF POOR PROMOTED
THIRD SECTOR, NONPROFITS				
Noncommunity-based				
Middle-class "Noblesse Oblige" Legal Stratgey	Fair Share Housing Corporation	Accomodation	Paternalistic	Disadvantaged need upper-class help; victims of injustice and discrimination
Middle-class "Noblesse Oblige" Economic Strategy	Octavia Hill; Savannah Landmark Corporation, rehabilitation housing subsidies;	Market intervention	Paternalistic	Market failures
Community-based				
Self-help, Independent Corporate Strategy	Community Development Corporation (CDC)	Grass-roots control of policy formulation and implementation	Participatory	Equal, promoters of own dignity and development

varies widely. It is our intention in this section to clarify the various major strategies for involving low-income citizens in the decision-making process. To this end, we have devised a typology coverning nine major strategies (see figure 3). These strategies are listed according to the societal sector being used to influence policy making or outcomes. In the U. S. market-based democracy there are three sectors in which citizens can participate; the private, the public, and the nonprofit third sector.

The Private Sector

Low-income people, by the fact that they do not possess wealth, position, and influence ahve relatively little capacity to use the private sector alone for their public policy purposes. Occasions do arise, however, when low-income citizens and groups can use grantsmanship skills so that private sector resources will be allocated for their purposes. As Figure 3 depicts, such private sector strateties are parternalistic, charitable, and based upon a mixed view of the poor: They are disadvantaged but capable of development with seed money and outside help.

The Public Sector

The public sector consists not only of the political system (the legislative, judicial, executive/administrative branches or government) but also of the voluntary/civic network of society. For public policy purposes the voluntary/civic network is considered here as part of the public sector because of its intimate impact upon the political system.

The Political System

Political participation includes electoral pressure, campaign activity, use of political parties, interest group tactics such as lobbying, and use of the courts to challenge policies (e.g., Hawkins vs. Shaw,[4] a class action suit brought by black residents in which the court held that town services could not be distributed on a discriminatory basis; and Serrano vs. Priest,[5] in which the California State Supreme Court held that the state must maintain "fiscal neutrality" with respect to expenditures for schools).

Because public policy is developed and implemented at the national, state, regional and local levels of government, horizontal and vertical linkages in the decision-making structure are critical. If the policy formulators and implementors are outside the local level, then effective citizen participation will require an organizational network that coincides with that of the policy actors. In other words, a local neighborhood civic association concerned about family policy will not be effective at the national and state level unless it has extensive horizontal and vertical links throughout the political system. Flexibility and networking are essential in the U. S. fragmented federal system. Since to build such linkages is time-consuming and expensive, existing organizations such as the Community Action Agencies which already have national and state networks are likely to become the mechanisms for low-income citizen participation in this policy area.

Different kinds of skills are required for different kinds of participation. In general, group activity (e.g., campaign activity, voting, and organizational participation) is more effective than individual activity (e.g., citizen-initiated contacts). Yet Verba and Nie[6] and Mladenka[7] have found that a greater percentage of blacks contact the government on a personal or family matter than on a communal or social matter, and that although the percentage of blacks who believe the government can solve pressing personal or family problems is greater than for whites, a smaller percentage of blacks contact the govenment (23% compared with 40%).

Strategies for Incorporating the Poor into the Local Political System

There are three basic strategies used to incorporate the poor into decision-making by the political system: the Representative, City Hall, and Benign Neglect approaches. The Representative Strategy is based on abandoning notions of "virtual" representation and instead achieving influence via the election and/or appointment of an area representative who mirrors the characteristics of the specific subgroup in question; e.g., the poor. The strategy has several permutations, but the most discrete are: (1) Loyal Party Worker--the representative who seeks influence for his group by being a hard worker within the local party system; (2) the Advocate--the political outsider role adopted by representatives who seek change via verbal confrontation tactics; and (3) the Co-opted--the representative (usually appointed) who is present merely in a token capacity and enjoys no real power or authority. All of these examples follow the internal political intervention methodology and see the poor as victims of discrimination. There usually is a paternalistic motivation to do something for "my people."

The City Hall Strategies are the strategies that emerge from the Housing, Community Development, and Planning Departments of our large cities, often in response to theoretical trial balloons expressed by academics. Prominent examples are the planning approaches known as "triage," "neighborhood consolidation," and "marginal neighborhoods." These examples reflect the current state of economic decline found in our urban areas today. Planners are sorely pressed to come up with policy approaches for dealing with contracting economies and tax bases in urban areas. However, the result has been a series of policies that, while having a physical planning component, are at base socio-economic planning. They often entail the immediate or partial abandonment of "nonivable" areas and the selection of the viable areas which alone will receive scarce renewal funding. The impact on poor neighborhoods and those who reside therein is immense.

On the other hand, the planners would claim that the quality of life for the poor would be improved if only we could shuffle them around to where we can service them; furthermore, the higher rate of neighborhood efficiency could pay for increased benefits. But the fact remains that the planners are playing God with peoples homes, neighborhoods, and lives to an extent heretofore impossible, especially since this strategy implies a view of the poor as being made up of market dregs and social incompetents.

The Benign Neglect Strategy reflects an essentially passive approach; one that may react to pressure but will never take the initiative. This strategy is employed by many cities particularly in the spending of their Community Development Block Grant funds. Here we see that most of the money goes for staffing and a plethora of ad hoc small-scale projects that are usually the result of local neighborhood demands. Often no overall policy approach guides the spending pattern. The treatment of the poor is essentially one of "benign neglect" where an effective judgment or taking of a position is suspended in favor of a piecemeal approach to individuals and groups even at the expense of viable policy programs.

The Voluntary/Civic Network. The voluntary/civic network represents a public, often pre-political training ground and policy arena. Organizational affiliation is a powerful predictor of political participation. Promoting participation by low-income people through mandatory citizen participation requirements for federal funds (e.g., parents as members of child care center boards) and support for developing communal, group consciousness will, in turn, promote leadership and participation skills. Among the more common strategies for incorporating the poor in the voluntary/civic network are community organization and administrative process strategies.

The Community Organization Strategy is not self-contained but rather covers a whole list of sub-strategies. They range the gamut from traditional social work group practice and self-help approaches all the way to advocacy and civil disobedience.[8] All of these various sub-strategies share a basic methodology: that of exerting pressure on the political apparatus from outside the system. This strategy takes an activist approach to the citizens by assuming each can offer something to the overall effort. While those involved in community organization efforts may feel that the poor are disadvantaged, or victimized by the societal context in which they find themselves, by and large their primary viewpoint is based on seeing the poor as equals, either actual or potential. This is because the strategy is based on the conviction that given the same resources as the other sectors of society (money, expertise, time) the poor can function at the same level. Any deficiency (and there are many) in power resources must simply be made up in organizational hard work. The literature abounds with examples of successful community organizations' activities that involve the poor. The problem is that the approach has only limited impact due to a whole list of interdicting factors such as competing groups, insufficient neighborhood support, and lack of knowledge regarding how to best utilize scarce political resources.

The Administrative Process Strategy seeks to gain influence via the administrative process. Here we find the whole panoply of individual and group representatives that sit on Project Area Committees, Health Service Agencies, and a host of other regulatory boards. The idea is to afford government agency clients, or those affected by agency policy, a say in the ongoing deliberations about policy. Sherry Arnstein has characterized these watchdog efforts as being often largely symbolic and not synonymous with a transfer or sharing of real decision-making power. Rather, they are often associated with a paternalistic approach to citizen participation. Some studies, however, have shown such boards to be effective within a local context. As a result, it can be said that this strategy sees the poor variously as disadvantaged or as equals. The strategy places a premium of participatory skills and opportunities that are often in shorter supply in low-income areas as compared with middle-class areas.

The Nonprofit Third Sector

The nonprofit third sector consists of noncommunity-based and community-based organizations incorporated by specific groups to achieve specific purposes. The strategies associated with them include the noncommunity-based, middle class, "noblesse oblige" legal and economic strategies and the community-based independent community corporate strategy.

The Noncommunity-based Strategies. The *Middle-class "Noblesse Oblige" Legal Strategy* has a clear aura of a crusade surrounding it. This strategy leads to efforts largely initiated and staffed by concerned middle-class individuals who are committed to improving the lot of the poor. One prominent example is that of the Fair Share Housing Corporation, a group which had its origins in the landmark case of Mt. Laurel, New Jersey. (The case knocked down exclusionary suburban zoning laws and mandated that suburban counties had to plan for their "fair share" of low-and moderate-income housing.) The Fair Share Housing organization has been established to help area politicians, planners, civic and religious groups in the ongoing planning necessary for the fair share strategy to be effectively implemented. Often these organizational efforts are carried out regardless of the views of the supposed beneficiaries. While not claiming that the issues involved in fair share housing strategies are simple ones, it remains that the proponents of the fair share concept must often assume the role of paternalistic true believers.

The Middle-class "Noblesse Oblige" Economic Strategy involves many efforts seeking to stem unfetted market forces particularly in the housing area. Such groups as the nonprofit Octavia Hill Foundation have been in existence for nearly 100 years dispensing housing for poor families well below the prevailing rates. More recently, the private nonprofit Savannah Landmark Corporation has been formed with the goal of ensuring the presence of low-income families in the rapidly renewing historic core of Savannah by means of a large housing subsidy program. What is unique about both of these housing strategies is that the organizations buy property outright rather than rely on the existing owners to participate voluntarily in a low-income housing effort. Clearly, this constitutes a massive market intervention strategy. The goal of keeping the presence of low-income families in the central areas of our renewing cities is laudable, but clearly implies a view of the poor as being market failures and more importantly being incapable of organizing for their own self-protection.

Community-Based Strategies

The Independent Corporate Strategy involves establishing independent corporate entities in low-income areas. Community Development Corporations (CDCs), Community Action Agencies (CAAs), incorporated community day care and women's groups are examples of community-based nonprofit organizations. They are essentially local, nonprofit corporations that embark on economic or results-oriented ventures in fields as disparate as housing, restaurants, light/heavy manufacturing, employment training, and commercial/industrial development. The basic methodology is to utilize available grants and loans to begin establishing economic enterprises capable of competing in the open market and contributing to the local economy. The basic treatment of the poor can can be termed participatory as each individual is seen as a potential client, employee, neighbor, or board member. Since the CDC is a local economic corporation, it has strong local ties. Its primary view of the local poor must be one based on equality.

Skills Needed to Participate in the Nonprofit Third Sector. The third sector nonprofit strategies require that specific functions be performed by low-income community residents if their participation is to be assured and effective. Active membership on the boards of directors is critical.[9] The board members must perform five functions in order to have their participation matter: (1) provide advice and counsel to the corporation's management that reflects low-income people's priorities; (2) be directly involved in policy making; (3) supervise policy administration and implementation; (4) act to remove executive directors who are not implementing mandated policy and to select directors who will listen to low-income interests; and (5) exercise public leadership for the community. Such leadership includes assisting in the formation and development of community opinions and generating support for community programs and services.

Conclusions About the Utility of the Strategies

All the strategies presented here "work" in some fashion. Each may be the best one in a given context. All must remain in our arsenal if a desire exists to mount an effective effort aimed at increasing the influence of low-income families. However, the various approaches while all good, vary in one important consideration; they are built upon different views of the poor. This difference is not crucial in the short run (when results rather than processes are paramount) but become crucial in the long run when the effects of paternalism so characteristic of most of the strategies will take effect.

Local community development authorities and community leaders and groups responsible for working with the poor should have a clear-cut policy with regard to the best mix of strategies to employ so as to best maximize results as well as maximize effective leadership and community development processes.

CONCLUSIONS AND RECOMMENDATIONS

1. To enhance the participation of low-income citizens in the policy formulation process, the mixed-scanning approach outlined in the four-stage typology ought to be promoted and followed. This sequential approach to policy formulation will lead to an improved and clarified policy planning process more easily understood by experts and citizens alike, higher quality citizen inputs to policy makers, higher satisfaction rates among participants and a more systematic and meaningful evaluation process. It will also promote leadership training and community growth.

2. Low-income people should be made aware of the different points of access to decision-making in all societal sectors and of how the different structures are interrelated horizontally and vertically.

3. Specific training in the participation skills required to participate effectively in each sector should be provided.

4. Citizens whose policy views are not adopted in one sector (e.g., the public sector) ought to explore pursuing them in the others while simultaneously working to change them in the initial sector.

5. A closer monitoring of intervention strategies needs to be conducted to afford the local community and interested others feedback regarding how their dollars are being spent and to allow them to plan for both short-term results and long-term process. This monitoring procedure need not be complex. Its

purpose is to serve as a rough indicator of how a particular community is faring in their struggle for a degree of self-sufficiency. Its aim is to gain an appreciation of the type of quality of decisions that affect the low-income neighborhood. It is assumed that the monitoring agency will compile these scores for all major programs that have an impact on the area. Once this procedure is underway it will help the relevant agencies and communities plan ahead so as to begin to maximize those intervention programs that stress process over results. It will also promote public policies that follow a neighborhood weaning process whereby outside capital will have a community building and not just a maintenance or replacement role.

NOTES

[1] For earlier discussions of access in general and access for the poor see, respectively, Harry M. Scoble, "Access to Politics," in David L. Sills, ed., International Encyclopedia of the Social Sciences, Vol. 1 (New York: The Free Press, 1968), and Jon Van Til, "Becoming Participants: Dynamics of Access Among the Welfare Poor," Social Science Quarterly, 53 (2), September 1973:345 - 358.

[2] For more details on this typology, see Michael H. Lang, Rita Mae Kelly, and Dorrie Margolin, "Decisionmaking in Urban Public Policy: Towards a Framework for Citizen Participation," Camden, New Jersey: Rutgers University's Forum for Policy Research and Public Service, 1980.

[3] Ibid.

[4] Hawkins vs. Shaw (1971), 437 F.2d 1286 (5th Cir., 1971).

[5] Serrano vs. Priest, 1971; 5C.3d 584 96 Cal. Rprtr 601 487 P. 2d. 1241 For other examples of court cases used to challence policies, see Peter Woll, Public Policy (Cambridge, Mass, 1974), pp. 230-232.

[6] Sidney Verba and Norman Nie. Participation in American:Political Democracy and Social Equality,(New York: Harper and Row), 1972.

[7] Kenneth R. Mladenka, "Citizen Demand and Bureaucratic Response: Direct Dialing Democracy in a Major American City," Urban Affairs Quarterly, 12 (3) March 1977: 273-290.

[8] Jack Rothman, "Three models of Community Organization Practice," Strategies of Community Organization, Fred M. Cox, et al., eds., 1974 (Itasca, IL: Peacock), 1974, pp. 22-39

[9] For a detailed description of these functions and an assessment of how they are related to the success of Community Development Corporations, see Rita Mae Kelly, Community Control of Economic Development (New York: Praeger, 1977).

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National Community Action Agency
Executive Directors Association
815 15th Street, N.W., Suite 610
Washington, D.C. 20005

Mr. Wilson. Thank you, sir. I would just like, because of the interest here, to include in my presentation the third paragraph of the introduction:

> Bureaucratic procedures, insensitive professionals, and inappropriate policies and programs seem to unwantedly intrude on everyday family life. Where programs are supposed to assist families, the methods of help may actually do more harm than good. Income assistance programs in many States still force parents to separate before their children can receive assistance. Services are too frequently located and delivered at places and times convenient for program administration but not for access by service consumers. Aggravating these frustrations, families say, is a feeling of powerlessness.

That is why I submit this "Building Access to Decisionmaking for Low-Income People." To me, a way to answer the problem is to have an informed, intelligent citizenry. When people know what their rights are, and have a firm belief that their plight can be overcome by themselves, you know they will take those opportunities, and we have many examples of people who have done that.

In listening to Congressman Garcia's approach to employment, I would like to say that that is great, but we must take into consideration what are we going to do with the total family.

FAMILY STATUS

Your staff has asked me to respond to a question, and I would like to respond because I know you are pressed for time, and I don't want to take too much of my brother's here, John Kearse's time, but No. 5, you asked the question: I am particularly interested in your recommendations on page 4 of your testimony where you recommend that coordinated planning be mandated for all the Federal agencies having responsibility for serving the poor.

If we still hold the family unit as the most valuable thing that we have in this country today, then we must put all our resources to strengthen and to rehabilitate family units. We have programs designed to help LEAA, HUD, CETA, Community Services Administration. It has been my experience that when we go in to apply a service to a family unit as a community action agency, and we do an assessment of family need, we find that there needs to be legal services; there needs to be a home; maybe there needs to be weatherization, job training, and so forth. We start one place; say, it is with the health unit. We get the family into a health care program; at the same time, we can't get the member, the head of the household into a job-training program because the slots are filled up.

At the same time, in weatherization, our crisis intervention program, we can't get the people to receive funds because all the funds have been used up and they were the last to get in there.

What I am trying to say is that no one can apply enough of the resources that are there and available at the time necessary long enough to move that family from dependency to where it can compete in society. I am not as eloquent as the rest, and I can't put it together. I am the guy who has to knock on the door on that person's home and tell them, I am sorry, you are eligible for these services but there are no more funds for it. I am the guy who knocks on the door of the private sector or business and says we need your help in this area, and he tells me, well, you have this program over here, you don't need my help, and he can't understand that the program is at full capacity and has a waiting line for it.

Creation of jobs is a great thing and probably No. 1, but it has been my experience that if the people do not ready themselves and family units ready themselves for their new economic step, then you are going to have a bigger problem than you had before.

It has always been my experience to see business locate in ghetto areas. The business builds a beautiful new plant there, and it has a lot of jobs there, but the criteria for those jobs are so high that the people living around that area can't have it, and what happens is there is development in that area, the people who cannot meet the criteria for the jobs are relocated someplace else, and the folks who can meet the criteria move in, and we have new communities.

I have only been here a few days in Washington, D.C., and I see that same thing happening in the inner city. So I think you cannot have one program to meet one specific kind of need, and think it is going to solve all of the problems, and I think if we don't start coordinating our Federal and private agency resources, we are wasting money and creating problems we will not be able to solve.

Thank you very much, Congressman.

[The attachment to Mr. Wilson's statement follows:]

SPECIFIC POWERS AND FUNCTIONS OF COMMUNITY ACTION AGENCIES

SEC. 212. (a) In order to carry out its overall responsibility for planning, coordinating, evaluating, and administering a community action program, a community action agency must have authority under its charter or applicable law to receive and administer funds under this title, funds and contributions from private or local public sources which may be used in support of a community action program, and funds under any Federal or State assistance program pursuant to which a public or private nonprofit agency (as the case may be) organized in accordance with this part could act as grantee, contractor, or sponsor of projects appropriate for inclusion in a community action program. A community action agency must also be empowered to transfer funds so received, and to delegate powers to other agencies, subject to the powers of its governing board and its overall program responsibilities. This power to transfer funds and delegate powers must include the power to make transfers and delegations covering component projects in all cases where this will contribute to efficiency and effectiveness or otherwise further program objectives.

(b) In exercising its powers and carrying out its overall responsibility for a community action program, a community action agency shall have, subject to the purposes of this title, at least the following functions:

(1) Planning systematically for and evaluating the program, including actions to develop information as to the problems and causes of poverty in the community, determine how much and how effectively assistance is being provided to deal with those problems and causes, and establish priorities among projects, activities and areas as needed for the best and most efficient use of resources.

(2) Encouraging agencies engaged in activities related to the community action program to plan for, secure and administer assistance available under this title or from other sources on a common or cooperative basis; providing planning or technical assistance to those agencies; and generally, in cooperation with community agencies and officials, undertaking actions to improve existing efforts to attack poverty, such as improving day-to-day communication, closing service gaps, focusing resources on the most needy, and providing additional opportunities to low-income individuals for regular employment or participation in the programs or activities for which those community agencies and officials are responsible.

(3) Initiating and sponsoring projects responsive to needs of the poor which are not otherwise being met, with particular emphasis on providing central or common services that can be drawn upon by a variety of related programs, developing new approaches or new types of services that can be incorporated into other programs, and filling gaps pending the expansion or modification of those programs.

(4) Establishing effective procedures by which the poor and area residents concerned will be enabled to influence the character of programs affecting their interests, providing for their regular participation in the implementation of those programs, and providing technical and other support needed to enable the poor and neighborhood groups to secure on their own behalf available assistance from public and private sources.

(5) Joining with and encouraging business, labor, and other private groups and organizations to undertake, together with public officials and agencies, activities in support of the community action program which will result in the additional use of private resources and capabilities, with a view to such things as developing new employment opportunities, stimulating investment that will have a measurable impact in reducing poverty among residents of areas of concentrated poverty, and providing methods by which residents of those areas can work with private groups, firms, and institutions in seeking solutions to problems of common concern.

(42 U.S.C. 2795) As added December 23, 1967, P.L. 90-222, sec. 104; 81 Stat. 694.

PART A—COMMUNITY ACTION AGENCIES AND PROGRAMS

DESIGNATION OF COMMUNITY ACTION AGENCIES: COMMUNITY ACTION PROGRAMS

SEC. 210. (a) A community action agency shall be a State or political subdivision of a State (having elected or duly appointed governing officials), or a combination of such political subdivisions, or a public or private nonprofit agency or organization which has been designated by a State or such a political subdivision or combination of such subdivisions, or an Indian tribal government, which—

(1) has the power and authority and will perform the functions set forth in section 212, including the power to enter into contracts with public and private nonprofit agencies and organizations to assist in fulfilling the purposes of this title, and

(2) is determined to be capable of planning, conducting, administering and evaluating a community action program and is currently designated as a community action agency by the Director.

A community action program is a community based and operated program—

(1) which includes or is designed to include a sufficient number of projects or components to provide, in sum, a range of services and activities having a measurable and potentially major impact on causes of poverty in the community or those areas of the community where poverty is a particularly acute problem;

(2) which has been developed, and which organizes and combines its component projects and activities, in a manner appropriate to carry out all the purposes of this title; and

(3) which conforms to such other supplementary criteria as the Director may prescribe consistent with the purposes and provisions of this title.

(b) Components of a community action program may be administered by the community action agency, where consistent with sound and efficient management and applicable law, or by other agencies. They may be projects eligible for assistance under this title, or projects assisted from other public or private sources; and they may be either specially designed to meet local needs, or designed pursuant to the eligibility standards of a State or Federal program providing assistance to a particular kind of activity which will help in meeting those needs.

(c) For the purpose of this title, a community may be a city, county, multicity, or multicounty unit, an Indian reservation, or a neighborhood or other area (irrespective of boundaries or political subdivisions) which provides a suitable organizational base and possesses the commonality of interest needed for a community action program. The Director shall consult with the heads of other Federal agencies responsible for programs relating to work and training programs, physical and economic development housing, education, health, and other community services to encourage the establishment of coterminous or complementary boundaries for planning purposes among those programs and community action programs assisted under this title.

(d) The Director may designate and provide financial assistance to a public or private nonprofit agency as a community action agency in lieu of a community action agency designated under subsection (a) for activities of the kind described in this title where he determines (1) that the community action agency serving the community has failed, after having a reasonable opportunity to do so, to submit a satisfactory plan for a community action program which meets the criteria for approval set forth in this title, or to carry out such plan in a satisfactory manner, or (2) that neither the State nor any qualified political subdivision or combination of such subdivisions is willing to be designated as the community action agency for such community or to designate a public or private nonprofit agency or organization to be so designated by the Director.

(e) No political subdivision of a State shall be included in the community action program of a community action agency designated under section 210(a) if the elected or duly appointed governing officials of such political subdivision do not wish to be so included. Such political subdivision, and any public or private nonprofit organization or agency designated by it, shall be eligible for designation as a community action agency on the same basis as other political subdivisions and their designees.

(f) In carrying out his responsibilities under this part the Director may delegate such functions (other than policymaking functions and the final approval of grants and contracts) to a State, in accordance with criteria and guidelines established by him, as he deems appropriate, except that no such delegation shall take place unless all the community action agencies within such State formally indicate their approval of such proposed delegation, except that whenever such delegated functions include the authority to approve programs within such State the Director shall make available to the State, in addition to an amount not less than the amount made available to such State for State agency assistance under section 231 in the previous fiscal year, an amount in each fiscal year equal to such State's share (as determined by the formula set forth in the third sentence of section 225(a)) of the aggregate amount made available during the fiscal year ending June 30, 1974, for the operation of regional offices of the Office of Economic Opportunity.

(42 U.S.C. 2790) Enacted August 20, 1964, P.L. 88–452, sec. 21, 78 Stat. 519; amended December 23, 1967, P.L. 90–222, sec. 104, 81 Stat. 691; amended January 4, 1975, P.L. 93–644, sec. 5(a), 5(b), 88 Stat. 2294; amended July 6, 1976, P.L. 94–341, sec. 2(a)(7), 90 Stat. 803–804.

The **Chairman**. Thank you very much for an interesting presentation. I will wait until we conclude with all the opening remarks before we get to questions.

Mr. Kearse?

STATEMENT OF JOHN KEARSE

Mr. **Kearse**. Good morning, Mr. Chairman, and members of the committee. My name is John L. Kearse, and I am the chief executive officer of the Economic Opportunity Commission of Nassau County, Inc., in Hempstead, N.Y.

The Economic Opportunity Commission of Nassau County is a community action agency and had the distinction of being at the same time a community development corporation, previously funded under title VII of the Community Services Administration—CSA.

As I proceed with my testimony, you will see that we will appear to be a mass of contradictory factors and circumstances such as I have described above. We did enjoy the distinction of being the only community action agency in the country which was both community action agency and a title VII community economic development corporation under the Community Services Administration—CSA—legislation until 1978.

Another seemingly apparent contradictory condition would be the fact that I would be testifying before this committee today regarding its concerns over the problems of the urban areas, when in fact our agency and program is in one of the clearly identified suburban areas of New York City.

I trust as we proceed with our presentation that the committee will understand more clearly why, in our opinion, we are eminently qualified to participate in this kind of discussion and also why we know that any deliberation regarding the crisis of the urban centers would be incomplete without some attention being paid to its suburban surrounding areas.

I suspect that the committee already has this kind of insight into the problems concerning it or else I would not have been invited. I would like to commend you on your foresightedness in this regard. It goes a long way toward restoring both my respect and confidence in the Members of Congress as persons very much concerned with trying to improve the quality of life for people in our American society. There was a period of time when this was held in a very questionable position by me.

I entered into this field of human services in the year 1967, having quit out of frustration my employment with the State of New York as a parole officer charged with the responsibility of trying to enhance the reentry of convicted felons back into the mainstream of their communities. I entered the antipoverty field with a kind of selfcommitment to give perhaps 3 years of my life to this effort so that I would have made a contribution of trying to improve the quality of life for many of my brethren who have not been as fortunate as I, and then moving on to the furtherance of my own self-interest as a family man. A deviation from the statement: I encountered exactly what my colleague was describing in terms of the lack of coordinated efforts focused upon helping me to achieve that task. The irony of the fact is that I came, I find, unprepared today to respond to a very, very important question, and that is the question of coordination planning. Coordination is mandated by law already. It is mandated in the CSA Act under section 236. It is not implemented, nor is it monitored, nor is it enforced.

POVERTY

It is not that there has not been an attempt on the part of the legislative body to seek coordination between the various agencies that somehow are perceived as serving the needs of the poor, because that, too, is a law on the books. There is a law on the books which mandates that all Federal programs must state and all applicants for Federal funds must state in their application how their funds will affect the problems of poverty in areas being funded.

Remember, we were fighting for the poverty clause in the platform of 1976, the Spirit of 1976, and that clause came out very quietly in the Federal Register, without any fanfare, but there it said very specifically that any Federal agency providing funds to any area out of any department or agency of the Federal Government must state how the funds they are putting out will impact upon the problem of poverty in that funding.

It is ignored. It is being entirely ignored. But it is a matter of law today. I just wanted to get that on the record, because it bears researching, but it also bears something else; it bears policing, because certainly what we have been sharing here is the fact that this is not enforced, definitely not enforced today.

I would like to go back to the statement.

Today is July 30, and I have not been able to extricate myself from this work during the time between 1967 and the present. I have stayed with this program because of my unchanging understanding of the fact that the community action agencies, maintaining the closest contact with the people of need in most impoverished communities, through its mechanisms which provide those individuals to be served with the opportunity to participate in policy and decisionmaking processes to develop plans by which to change their condition, is one of, if not the most viable mechanism existing within the human services field today. That has not changed. I have learned over time that people having an opportunity to be involved in making determinations regarding their own destinies are more committed to seeing to it that those gains which they achieve through their efforts because of their vested interest, not only in terms of sweat-equity, but in terms of actually being the architects of those designs. They work harder to maintain those gains.

It has been both an exciting and terribly frustrating period of my life.

I would like to be presumptuous enough to suggest to the committee to consider the following as a part of its concerns around the urban problem by approaching them from a metro-urban perspective.

URBAN CENTER PROBLEMS

I would like to suggest that part of the reason why we have been unsuccessful in our attempts to solve the problems of the urban centers per se, apart from the fact that there is no national policy or commitment to do so, is due in part to the fact that we have approached those problems from too narrow a perspective as to what they really are and what the cause of those problems really are.

In our legislative and policymaking deliberations we as a country have forgotten a very basic concept regarding the evolution of our urban centers. We have forgotten how they came into being. Think with me if you will of a group of circles within a circle as a description of what constitutes most of our urban centers of today. I have appended a rather simplistic diagram of this concept to hopefully stimulate our thinking on this issue. That diagram is on the following page. What it does is that it shows how cities are born, urban centers are born. The core of that development is the industrial center, the industrial or economic activity center. Closest to it you will find those individuals who are the low-income workers, because that is the less preferential area to reside in. It then turns out to be the area in which they can afford to live.

In going further, to the next concentric circle, you find the blue-collar worker, the middle management type individual, and you find that they are able to afford a little better accommodations, so that is where they live.

Then you go to the managers and the owners, in the last concentric circle, and you find much better accommodations because they can afford the car and the cost of maintaining those units in which they live, and therefore they live on the outer fringes. And somewhere in between the blue-collar and white-collar areas is the suburban area I represent.

I would also inject that the service population which must exist within the circle of the white-collar community who are impoverished and segregated because of the pattern of housing development and attitude in this country, live in mean poverty. Poverty for them is excruciatingly mean, because in that concentric circle the cost of living is extraordinarily high; the cost of goods and services is extraordinarily high, because the majority of the population can afford it. Those who make their living by serving that area, however, are forced to live within those same cost indexes in terms of the same cost of services, same cost of living, which they, of course, cannot readily afford.

Since the earliest days of our recorded history, we have identified areas of high population concentration and economic activity as a metropolis. Somewhere and somehow, as it became more and more necessary for the Federal Government to become involved in assisting, and localities in dealing with problems, our legislative lexicon dropped its reference to metropolitan areas and replaced it with urban and rural to distinguish areas of focus intent.

History shows us that according to the economic cycling and growth of the cores of economic activity that the second innermost circle would become more and more compressed and overcrowded with these low-income workers until, perforce, the population would spill over into the next circle. This movement from within the core would set up a ripple effect which could not be contained or held back.

The next circle would have to be revamped to accommodate new housing demands and service requirements. I don't wish to belabor the point, but instead of government moving into the inner areas to clean up and repair the damage done by the excessive forces of overpopulation and overburdened services once the ripple effect adjustments had taken place, these inner core areas were left in their various states of blight and disrepair in the hopes that the economic and industrial cores would consume or subsume them through their growth.

In those areas where that was not an accelerated growth, low-income people continued to develop. Unfortunately, blight is an inexorable force which, when neglected, cannot be held in check. It moved once again into the next circle and began to bring it down again, thereby beginning a new ripple effect as the populace sought to escape its forward motion. I want to make this relate to the District. We have here instead of an industrial center, we have a complex of governmental bureaucracy and agencies. It is the core of this urban area. The next concentric circle would be taking a stroll down to 14th Street and seeing where the low-income poor people were left to reside and the disrepair that continues to remain in this district.

You move further down to the next concentric circle, and you will find your middle-management people who can afford to live in a little better area, such as Silver Spring, and you find that their areas now are beginning to show the first signs of the pressure that is being mounted from the inner core out toward Silver Spring.

You move past Silver Spring, and you come on the line of the District, and you move across into Columbia, Md.; going the other way you are going to be moving into Reston, and so forth, but you will see this force because of the fact that nothing is being done to correct and repair the second concentric circle. It is beginning to have a definite impact, negative impact, upon the succeeding concentric circles.

Now, what is going to happen? Hopefully, or we were promised after the riots of 1967 and 1969 that certainly the Nation's Capital was going to put itself back into repair. We are now in 1980, and what we see is the beginning of that renaissance, but what we are always beginning to understand is that renaissance is a renaissance, because this is not an economic complex, but is, in effect, a governmental and bureaucratic complex; what we are seeing is that the second concentric circle which would normally belong to the low-income individual who in our instance is predominantly minority folk, are being forced out of that circle, the area is being repaired, but it is being repaired and rehabilitated in a way which makes it impossible for those people who were born, raised, and lived there, to remain there, because those same units that nobody bothered to help them repair are suddenly being repaired by people who have found that the pressures have made their areas unattractive so that they are coming back, the white-collar concentric circle is coming back to the center of activity, and they are beginning to repair those units, and those units are now being marketed at prices in excess of $100,000, where poor people used to live. And certainly no poor person can afford to live there once they have been rehabilitated.

All of the plans that have been put forward by the District to mount a rehabilitation effort have failed. I am not going to say they failed purposely, or otherwise; I am just saying they have failed. But suddenly now the white-collar element is coming back, and that is beginning to work, and it is beginning to do the job, and people are being forced out, and they are being forced out into the next concentric circle, and we will see that next concentric circle is going to be having the same problems that 14th Street, et cetera, used to have.

Unfortunately, as we look at the history of most of our metro-urban areas in trouble today, we find that the next response was from the economic and industrial core. They moved themselves somewhere near the outer urban circles, deserting what was the core of the area, and promoting the development of a new set of circular development. That is why I wanted to deviate from the statement, because this application would have application in most other areas as we know them in urban centers. But the District is different because of what constitutes its activity.

Once again, I don't wish to belabor the development of what we have as our real problem today, the metro-urban areas. While the economic and industrial circles are able to move with relative ease, our human services support systems are unable to move as quickly.

Mass transit cannot expand immediately to carry the low-income laborers to worksites; social services systems don't move as rapidly to relocate; police services cannot expand as rapidly as they should and crimes increase; affordable housing is not immediately available; educational systems are not as easily duplicated.

Suddenly inadequate service and life support systems become even more inadequate and our metro-urban problems proliferate. I don't wish to falsely convey the notion that I am discounting our playing down the high price which we have been, and continue to be, willing to pay as a country for the maintenance of our racially discriminating systems and its contribution to the problems we have in America the Great.

All of this banter was to suggest that in order to solve a problem one must be clear as to what it is and then a solution can be developed by intervening at the proper place. I, of course, have a biased opinion which guides me in my work. Simply stated, I believe that metro-urban problems can best be solved by government helping to break the historical evolutionary pattern of the concentric socioeconomic circles by going back to the deserted cores and empowering the deserted poor so that they are able to recreate the industrial and economic activities which once gave vitality to their areas, as they see fit. I was pleasantly surprised, though somewhat shocked, at Congressman Garcia and his teaming up with Congressman Kemp. I know both of them from work experience, and he is right; they are oil and water in most instances. But I was also pleasantly surprised to understand exactly what I am suggesting here is exactly what appears to be being suggested in the piece of legislation they are trying to put together. The question you raised, Mr. Chairman, regarding what enterprise zones are, I am suggesting where an enterprise zone needs to be placed. I am further suggesting that there is a way in which to control that because it doesn't necessarily mean that the private sector has their way in terms of coming back into the core areas. What it means to me, and what I will certainly be trying to convince Congressman Garcia and probably Congressman Kemp of, is the fact that let's deal with the multinationals and our major corporate structures, and say to them that in your expansion and conversion designs we want you to relocate or locate your efforts in that inner core. That is private sector expansion, but what I am also saying is that is private sector expansion which is only coming in based on the fact that they are going to train the people who reside within that area to become the future managers and operators of that expansion operation as their contribution to the restoration of the urban core centers.

IBM, certainly after it has done its job of expansion and training, as it has done in Bed-Stuy, that one small expansion of a plant, doing one particular element of a job, does not make or break that corporate entity, and they have begun to have discussions about moving out and leaving that plant to the community, as the managers, and working with them and guaranteeing them subcontracts which will keep them in business as a party of the corporate entity and structure.

The private sector can do that. I see, too, that the new enterprise zones and other things constitute what could become a Marshall plan for the poor in this country. I am not going to exclude the Federal Government, because the Federal Government has a very legitimate role and responsibility in terms of restoration of those core areas. Further on in my testimony I talk about how the installation of a Federal operation promises to be the catalytic force which will restore the economic juices to what was a declining and deteriorating area within one of our communities. So the Federal Government can very easily do that by placing one of their offices in a deteriorated core area and stimulate, if you will, the reentry of other economic juices into the area, which will begin to improve its economic base and to enhance that area and give people some incentives to help in that development, participate in that development, and become, if you will, in my jargon, I talk about coowners of their economic base.

I talk about the Federal Government, but I am also talking about the State and local government. They can do those jobs in some of our areas.

I am sorry to deviate so much from the statement, but that was just so appropriate; as I said, I was surprised to have the Honorable Congressman make the presentation.

I want to go back and repeat what I am saying. I am saying that I believe that the metro-urban problems can best be solved by government helping to break the historical evolutionary pattern of the concentric socioeonomic circles by going back to deserted cores and empowering the deserted poor so that they are able to recreate the industrial and economic activities which once gave vitality to their areas, as they see fit.

With that kind of vested interest the perpetual dependent will become the self-sufficient independent generating most of the solutions to their own problems. I also believe that agencies such as mine, the community action agencies and community development corporation dedicated to helping people to help themselves with their roots, organizational support, and decisionmaking structured so as to include the affected grassroot communities, is still the best mechanism through which to accomplish these goals.

[Mr. Kearse's complete statement follows:]

Prepared Statement of John L. Kearse, Chief Executive Officer, Economic Opportunity Commission of Nassau County, Inc.

July 30, 1980

GOOD MORNING MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE. MY NAME IS JOHN L. KEARSE, I AM THE CHIEF EXECUTIVE OFFICER OF THE ECONOMIC OPPORTUNITY COMMISSION OF NASSAU COUNTY, INC., IN HEMPSTEAD, NEW YORK.

THE ECONOMIC OPPORTUNITY COMMISSION OF NASSAU COUNTY IS A COMMUNITY ACTION AGENCY AND HAD THE DISTINCTION OF BEING AT THE SAME TIME A COMMUNITY DEVELOPMENT CORPORATION, PREVIOUSLY FUNDED UNDER TITLE VII OF THE COMMUNITY SERVICES ADMINISTRATION (CSA). AS I PROCEED WITH MY TESTIMONY YOU WILL SEE THAT WE WILL APPEAR TO BE A MASS OF CONTRADICTORY FACTORS AND CIRCUMSTANCE SUCH AS I HAVE DESCRIBED ABOVE. WE DID ENJOY THE DISTINCTION OF BEING THE ONLY COMMUNITY ACTION AGENCY IN THE COUNTRY WHICH WAS BOTH COMMUNITY ACTION AGENCY AND A TITLE VII COMMUNITY ECONOMIC DEVELOPMENT CORPORATION UNDER THE COMMUNITY SERVICES ADMINISTRATION (CSA) LEGISLATION UNTIL 1978. ANOTHER SEEMINGLY APPARENT CONTRADICTORY CONDITION WOULD BE THE FACT THAT I WOULD BE TESTIFYING BEFORE THIS COMMITTEE TODAY REGARDING ITS CONCERNS OVER THE PROBLEMS OF THE URBAN AREAS, WHEN IN FACT OUR AGENCY AND PROGRAM IS IN ONE OF THE CLEARLY IDENTIFIED SUBURBAN AREAS OF NEW YORK CITY. I TRUST AS WE PROCEED WITH OUR PRESENTATION THAT THE COMMITTEE WILL UNDERSTAND MORE CLEARLY WHY, IN OUR OPINION, WE ARE EMINENTLY QUALIFIED TO PARTICIPATE IN THIS KIND OF DISCUSSION AND ALSO WHY WE KNOW THAT ANY DELIBERATION REGARDING THE CRISIS OF THE URBAN CENTERS WOULD BE INCOMPLETE WITHOUT SOME ATTENTION BEING PAID TO ITS SUBURBAN SURROUNDINGS.

I SUSPECT THAT THE COMMITTEE ALREADY HAS THIS KIND OF INSIGHT INTO THE PROBLEMS CONCERNING IT OR ELSE I WOULD HAVE NOT BEEN INVITED. I WOULD LIKE TO COMMEND YOU ON YOUR FORESIGHTEDNESS IN THIS REGARD. IT GOES A LONG WAY TOWARDS RESTORING BOTH MY RESPECT AND CONFIDENCE IN THE MEMBERS OF CONGRESS

AS PERSONS VERY MUCH CONCERNED WITH TRYING TO IMPROVE THE QUALITY OF LIFE FOR PEOPLE IN OUR AMERICAN SOCIETY. THERE WAS A PERIOD OF TIME WHEN THIS WAS HELD IN A VERY QUESTIONABLE POSITION BY ME.

INTRODUCTION

I ENTERED INTO THIS FIELD OF HUMAN SERVICES IN THE YEAR 1967, HAVING QUIT OUT OF FRUSTRATION MY EMPLOYMENT WITH THE STATE OF NEW YORK AS A PAROLE OFFICER CHARGED WITH THRE RESPONSIBILITY OF TRYING TO ENCHANCE THE RE-ENTRY OF CONVICTED FELONS BACK INTO THE MAINSTREAM OF THEIR COMMUNITIES. I ENTERED THE ANTI-POVERTY FIELD WITH A KIND OF SELF COMMITMENT TO GIVE PERHAPS THREE (3) YEARS OF MY LIFE TO THIS EFFORT SO THAT I WOULD HAVE MADE A CONTRIBUTION OF TRYING TO IMPROVE THE QUALITY OF LIFE FOR MANY OF MY BRETHEREN WHO HAVE NOT BEEN AS FORTUNATE AS I, AND THEN MOVING ON TO THE FURTHERANCE OF MY OWN SELF INTEREST AS A FAMILY MAN,

TODAY IS JULY 30, 1980 AND I HAVE NOT BEEN ABLE TO EXTRICATE MYSELF FROM THIS WORK DURING THE TIME BETWEEN 1967 AND THE PRESENT. I HAVE STAYED WITH THIS PROGRAM BECAUSE OF MY UNCHANGING UNDERSTANDING OF THE FACT THAT THE COMMUNITY ACTION AGENCIES, MAINTAINING THE CLOSEST CONTACT WITH THE PEOPLE OF NEED IN MOST IMPOVERISHED COMMUNITIES, THROUGH ITS MECHANISMS WHICH PROVIDE THOSE INDIVIDUALS TO BE SERVED WITH THE OPPORTUNITY TO PARTICIPATE IN POLICY AND DESCISION MAKING PROCESSES TO DEVELOP PLANS BY WHICH TO CHANGE THEIR CONDITION, IS ONE OF, IF NOT THE MOST VIABLE MECHANISM EXTISTING WITHIN THE HUMAN SERVICES FIELD TODAY. I HAVE LEARNED OVER TIME THAT PEOPLE HAVING AN OPPORTUNITY TO BE INVOLVED IN MAKING DETERMINATIONS REGARDING THEIR OWN DESTINIES ARE MORE COMMITTED TO SEEING TO IT THAT THOSE GAINS WHICH THEY ACHIEVE THROUGH THEIR EFFORTS BECAUSE OF THEIR VESTED INTEREST, NOT ONLY IN TERMS OF SWEAT-EQUITY, BUT IN TERMS OF ACTUALLY BEING THE ARCHITECTS OF THOSE DESIGNS. IT HAS BEEN BOTH AN EXCITING AND TERRIBLY

FRUSTRATING PERIOD OF MY LIFE.

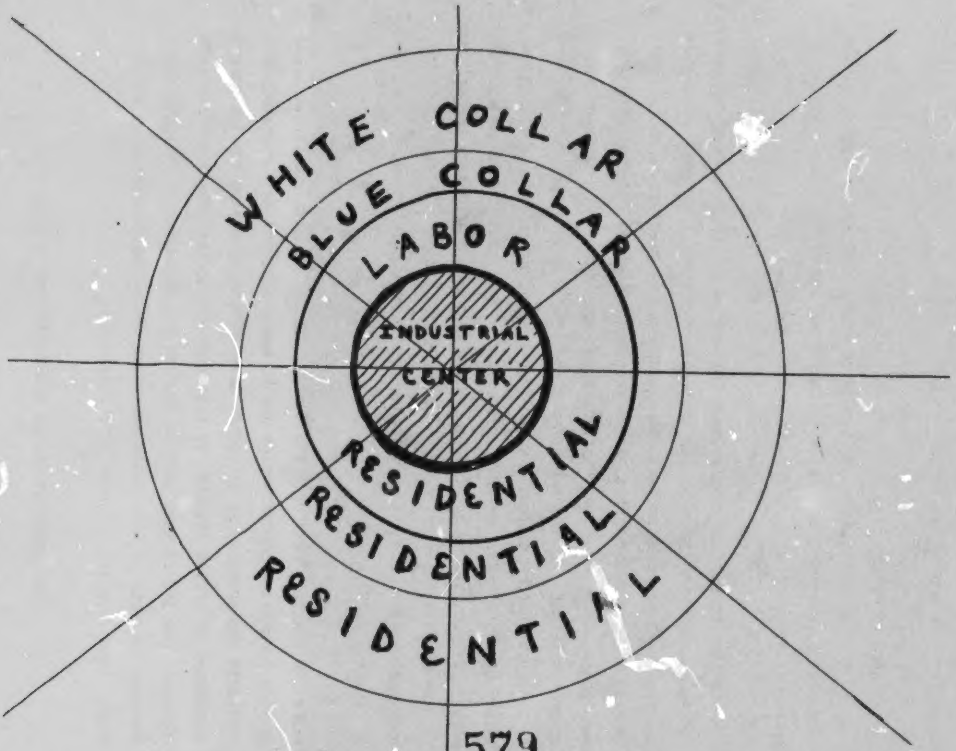
THE PROBLEM IN PERSPECTIVE

I WOULD LIKE TO BE PRESUMPTUOUS ENOUGH TO SUGGEST TO THE COMMITTEE TO CONSIDER THE FOLLOWING AS A PART OF ITS CONCERNS AROUND THE URBAN PROBLEM BY APPROACHING THEM FROM A "METRO-URBAN" PERSPECTIVE.

I WOULD LIKE TO SUGGEST THAT PART OF THE REASON WHY WE HAVE BEEN UNSUCCESSFUL IN OUR ATTEMPTS TO SOLVE THE PROBLEMS OF THE URBAN CENTERS, APART FROM THE FACT THAT THERE IS NO NATIONAL POLICY OR COMMITMENT TO DO SO, IS DUE IN PART TO FACT THAT WE HAVE APPROACHED THOSE PROBLEMS FROM TOO NARROW A PERSPECTIVE AS TO WHAT THEY REALLY ARE AND WHAT THE CAUSE OF THOSE PROBLEMS REALLY ARE. IN OUR LEGISLATIVE AND POLICY MAKING DELIBERATIONS WE AS A COUNTRY HAVE FORGOTTEN A VERY BASIC CONCEPT REGARDING THE EVOLUTION OF OUR URBAN CENTERS. WE HAVE FORGOTTEN HOW THEY CAME INTO BEING. THINK WITH ME IF YOU WILL OF A GROUP OF CIRCLES WITHIN A CIRCLE AS A DESCRIPTION OF WHAT CONSTITUTES MOST OF OUR URBAN CENTERS OF TODAY. I HAVE APPENDED A RATHER SIMPLISTIC DIAGRAM OF THIS CONCEPT TO HOPEFULLY STIMULATE YOUR THINKING ON THIS ISSUE.

SINCE THE EARLIEST DAYS OF OUR RECORDERED HISTORY WE HAVE IDENTIFIED AREAS OF HIGH POPULATION CONCENTRATION AND ECONOMIC ACTIVITY AS A "METROPOLIS". SOMEWHERE AND SOMEHOW, AS IT BECAME MORE AND MORE NECESSARY FOR THE FEDERAL GOVERNMENT TO BECOME INVOLVED IN ASSISTING,AND LOCALITIES IN DEALING WITH PROBLEMS, OUR LEGISTATIVE LEXICON DROPPED ITS REFERENCE TO METROPOLITAN AREASAND REPLACED IT WITH URBAN AND RURAL TO DISTINGUISH AREAS OF FOCUS INTENT. LETS LOOK FOR A MOMENT AT THE DIAGRAM.

A. THE INNERMOST CIRCLE REPRESENTS THE INITIAL CON-


WHITE COLLAR
BLUE COLLAR
LABOR
INDUSTRIAL CENTER
RESIDENTIAL
RESIDENTIAL
RESIDENTIAL

CENTRATION OF ECONOMIC AND INDUSTRIAL ACTIVITY.

B. THE NEXT CIRCLE REPRESENTS THE AREA OF LEAST DESIRABLE RESIDENTIAL PREFERENCE, IN TERMS OF ITS PROXIMITY TO THE ECONOMIC AND INDUSTIAL CORE, AND IT WAS HISTORICALLY LEFT TO THE LOW-INCOME WORKING CLASS FOR OCCUPANCY

C. THE NEXT CIRCLE REPRESENTS THE NEXT INCOME LEVEL (BLUE-COLLAR) AS THE RESIDENCE BECAME A BIT MORE ATTRACTIVE AND FUNCTIONAL.

D. THE NEXT CIRCLE REPRESENTS THE WHITE-COLLAR INCOME LEVEL RESIDENTIAL AREAS.

E. AND FINALLY, THE ENSUING CIRCLE REPRESENTS THE MANAGERS AND OWNERS RESIDENTIAL AREAS.

HISTORY SHOWS US THAT ACCORDING TO THE ECONOMIC CYCLING AND GROWTH OF THE CORES OF ECONOMIC ACTIVITY THAT THE SECOND INNERMOST CIRCLE WOULD BECOME MORE AND MORE COMPRESSED AND OVER CROWDED WITH THESE LOW-INCOME WORKERS UNTIL, PERFORCE, THE POPULATION WOULD SPILL OVER INTO THE NEXT CIRCLE. THIS MOVEMENT FROM WITHIN THE CORE WOULD SET-UP A RIPPLE EFFECT WHICH COULD NOT BE CONTAINED OR HELD BACK. THE NEXT CIRCLE WOULD HAVE TO BE REVAMPED TO ACCOMMODATE NEW HOUSING DEMANDS AND SERVICE REQUIREMENTS. I DON'T WISH TO BELABOR THE POINT, BUT INSTEAD OF GOVERNMENT MOVING INTO THE INNER AREAS TO CLEAN UP AND REPAIR THE DAMAGE DONE BY THE EXCESSIVE FORCES OF OVERPOPULATION AND OVERBURDENED SERVICES ONCE THE RIPPLE EFFECT ADJUSTMENTS HAD TAKEN PLACE, THESE INNER CORE AREAS WERE LEFT IN THEIR VARIOUS STATES OF BLIGHT AND DISREPAIR IN THE HOPES THAT THE ECONOMIC AND INDUSTRIAL CORES WOULD CONSUME OR SUBSUME THEM THROUGH THEIR GROWTH. IN THOSE AREAS WHERE THAT WAS NOT AN ACCELERATED GROWTH, LOW-INCOME PEOPLE CONTINUED TO DEVELOP. UNFORTUNATELY BLIGHT IS AN INEXORABLE FORCE WHICH, WHEN NEGLECTED, CAN-

NOT BE HELD IN CHECK. IT MOVED ONCE AGAIN INTO THE NEXT CIRCLE AND BEGAN TO BRING IT DOWN AGAIN, THEREBY BEGINNING A NEW RIPPLE EFFECT AS THE POPULACE SOUGHT TO ESCAPE ITS FORWARD MOTION.

UNFORTUNATELY, AS WE LOOK AT THE HISTORY OF MOST OF OUR METRO-URBAN AREAS IN TROUBLE TODAY, WE FIND THAT THE NEXT RESPONSE WAS FROM THE ECONOMIC AND INDUSTRIAL CORE. THEY MOVED THEMSELVES SOMEWHERE NEARTHE OUTER URBAN CIRCLES, DESERTING WHAT WAS THE CORE OF THE AREA, AND PROMOTING THE DEVELOPMENT OF A NEW SET OF CIRCULAR DEVELOPMENT.

ONCE AGAIN, I DON'T WISH TO BELABOR THE DEVELOPMENT OF WHAT WE HAVE AS OUR REAL PROBLEM TODAY, THE "METRO-URBAN AREAS". WHILE THE ECONOMIC AND INDUSTRIAL CIRCLES ARE ABLE TO MOVE WITH REALATIVE EASE, OUR HUMAN SERVICES SUPPORT SYSTEMS ARE UNABLE TO MOVE AS QUICKLY. MASS TRANSIT CONNOT EXPAND IMMEDIATELY TO CARRY THE LOW-INCOME LABORERS TO WORK SITES; SOCIAL SERVICES SYSTEMS DON'T MOVE AS RAPIDLY TO RELOCATE; POLICE SERVICES CANNOT EXPAND AS RAPIDLY AS THEY SHOULD AND CRIMES INCREASE; AFFORDABLE HOUSING IS NOT IMMEDIATELY AVAILABLE; EDUCATIONAL SYSTEMS ARE NOT AS EASILY DUPLICATED ETC. SUDDENLY INADEQUATE SERVICE AND LIFE SUPPORT SYSTEMS BECOME EVEN MORE INADEQUATE AND OUR "METRO-URBAN" PROBLEMS PROLIFERATE. I DON'T WISH TO FALSLY CONVEY THE MOTION THAT I AM DISCOUNTING OUR PLAYING DOWN THE HIGH PRICE WHICH WE HAVE BEEN, AND CONTINUE TO BE WILLING TO PAY AS A COUNTRY FOR THE MAINTENANCE OF OUR RACIALLY DISCRIMINATING SYSTEMS AND ITS CONTRIBUTION TO THE PROBLEMS WE HAVE IN AMERICA THE GREAT.

ALL OF THIS BANTER WAS TO SUGGEST THAT IN ORDER TO SOLVE A PROBLEM ONE MUST BE CLEAR AS TO WHAT IS AND THEN A SOLUTION CAN BE DEVELOPED BY INTERVENING AT THE PROPER PLACE. I OF COURSE HAVE A BIASED OPINION WHICH GUIDES

ME IN MY WORK. SIMPLY STATED I BELIEVE THAT METRO-URBAN PROBLEMS CAN BEST BE SOLVED BY GOVERNMENT HELPING TO BREAK THE HISTORIAL EVOLUTIONARY PATTERN OF THE CONCENTRIC SOCIO-ECONOMIC CIRCLES BY GOING BACK TO THE DESERTED CORES AND EMPOWERING THE DESERTED POOR SO THAT THEYARE ABLE TO RECREATE THE INDUSTRIAL AND ECONOMIC ACTIVITIES WHICH ONCE GAVE VITALITY TO THEIR AREAS, AS THEY SEE FIT. WITH THAT KIND OF VESTED INTEREST THE PERPETUAL DEPENDENT, WILL BE BECOME THE SELF-SUFFICIENT INDEPENDENT GENERATING MOST OF THE SOLUTIONS TO THEIR OWN PROBLEMS. I ALSO BELIEVE THAT AGENCIES SUCH AS MINE, THE COMMUNITY ACTION AGENCIES AND COMMUNITY DEVELOPMENT CORPORATION DEDICATED TO "HELPING PEOPLE TO HELP THEMSELVES" WITH THEIR ROOTS, ORGANIZATIONAL SUPPORT, AND DECISION MAKING STRUCTURED SO AS TO INCLUDE THE EFFECTED GRASSROOT COMMUNITIES, IS THE BEST MECHANISM THROUGH WHICH TO ACCOMPLISH THESE GOALS.

AREAS OF COMMITTEE FOCUS

WITH THE FOREGOING OUT OF THE WAY, I SHALL NOW RESPOND TO THE COMMITTEES QUESTIONS:

1. WHAT HAS BEEN THE EXPERIENCE OF OUR AGENCY IN ITS EFFORTS TO SECURE FEDERAL MONIES AND RESOURCES FOR USE AGAINST WIDE SPREAD COMMUNITY PROBLEMS?

   AS A CAA DIRECTOR FOR 10 YEARS, I THINK THAT GOVERNMENT WAS MORE HIGHLY RESPONSIVE TO IDENTIFIED COMMUNITY NEEDS IN THE PRE-REVENUE SHARING AND BLOCK GRANT ERA (PRE NIXON). TODAY THE CAAs FIND THEMSELVES EITHER COMPETING WITH THEIR LOCAL GOVERNMENTS OR OTHER SO-CALLED CBOs, MOST OF WHOM WERE CREATED OUT OF THE VESTED INTERESTS OF GOVERNMENT TO CIRCUMVENT THE CAA PROGRAMS, OR TO SATISFY THE VESTED INTERESTS OF A SELECT SUB-GROUP WITHIN OUR COMMUNITIES, FOR ACCESS TO FUNDS TO COMBAT COMMUNITY PROBLEMS. THIS SITUATION, OF REVENUE SHARING AND BLOCK GRANT FUNDS FLOWING BACK THROUGH THE HANDS OF LOCAL GOVERNMENTS BEFORE THEY BEGIN TO BE AVAILABLE TO THE

AFFECTED COMMUNITIES, CONTRADICTS THE BASIC REASON FOR THE BIRTH OF THE ECONOMIC OPPORTUNITY ACT OF 1964 WHICH RECOGNIZED THAT RESOURCES SHOULD FLOW DIRECTLY TO THE AFFECTED POPULATION WITHOUT POLITICAL STRINGS OR IMPAIRMENT. WHILE OUR ACCESS TO FUNDS TO DEAL WITH WIDE SPREAD COMMUNITY PROBLEMS HAS STEADILY DECREASED, LOCAL GOVERNMENTS ABUSE OF FEDERAL FUNDS CONTINUE TO BE PROVEN, BY COMMITTEES OF CONGRESS AND THE GENERAL ACCOUNTING OFFICE TO BE STEADILY INCREASING, E.G., CETA FUNDS USED FOR POLITICAL JOB PATRONAGE PURPOSES OR TO CIRCUMVENT THE MAINTENANCE OF EFFORTS PROVISIONS OF THE LAW. INSTEAD OF UNEMPLOYMENT GOING DOWN, IT INCREASES. AFFIRMATIVE ACTION REQUIREMENTS ARE IGNORED WITH NO APPRECIABLE ACTION EVIDENCED BY THE DEPARTMENT OF LABOR TO CORRECT THESE CONDITIONS. GENERAL REVENUE SHARING FUNDS STATISTICS HAVE SHOWN THAT LESS THAN 1% OF THOSE FUNDS ARE APPLIED NATIONALLY TO THE PROVISION OR IMPROVEMENT OF HUMAN SERVICES DELIVERY TO THE POOR. STUDIES HAVE ALSO SHOWN THAT LOCAL GOVERNMENTS USE THESE FUNDS, WITH IMPUNITY TO ARTIFICIALLY IMPACT THE LOCAL TAX STRUCTURE EVEN WHILE THEY ARE STEADILY INCREASING THEIR TAX RATES TO THEIR RESIDENTS. HUD, COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS ARE USED FOR EVERYTHING EXCEPT THE DEVELOPMENT OF LOW AND MODERATE INCOME HOUSING FOR THE POOR AND ELDERLY. THE BANDAID PROVISION, TO QUIET THE PEOPLE WHOM THE FUNDS WERE SUPPOSED TO BENEFIT, OF URBAN DEVELOPMENT ACTION GRANTS IS A SUBTERFUGE IN THAT THEY CAN ONLY BE SUBMITTED FOR SERIOUS FUNDING CONSIDERATION BY COMMUNITY GROUPS, IF, LOCAL GOVERNMENT CONCURS AND SIGNS OFF. LEAA - CRIME PREVENTION, OSTENSIBLY THE PURPOSE OF THIS LEGISLATION AND ITS MASSIVE FUNDING, USED TO TOOL UP AND MODERNIZE THE ORNAMENTS AND ARSENALS OF HUMAN DESTRUCTION - CRIME PREVENTION THROUGH FEAR AND CONTAINMENT - NOT EDUCATION AND PREVENTION.

LOCAL GOVERNMENT GET THESE FUNDS - - CAAs WITH 15 YEARS OF EXPERIENCE AND EXPERTISE LEARNED THE HARD WAY, — DO NOT!

2. ARE THE FEDERAL GOVERNMENT'S RESPONSES TO YOUR REQUEST FOR AID USUALLY PROPORTIONATE TO THE SIZE OF THE PROBLEMS YOU ARE DEALING WITH?

OUR ONGOING EXPERIENCE HAS BEEN THAT THE FEDERAL GOVERNMENT RESPONSE TO REQUESTS FOR AID ON MOST PROJECTS HAS BEEN VASTLY LESS THAN WHAT IS NEEDED, FORCING US TO WORK IN INEFFICIENT AND COST CONSUMING PHASES OR SPURTS, E.G., OUR CDC IS CURRENTLY WORKING ON A PROJECT TO RENOVATE THE CENTRAL PUBLIC MASS TRANSIT BUS TERMINAL IN THE COUNTY...WHICH WE OWN. THIS PROJECT, ALTHOUGH RECOGNIZED AS THE CENTER PIECE FOR THE ECONOMIC REVITALIZATION OF THE CENTRAL BUSINESS DISTRICT OF A PREVIOUSLY DETERIORATING VILLAGE AND CONTIGUOUS AREA OF THE TOWN, WAS FUNDED INITIALLY BY EDA, OFFICE OF SPECIAL PROJECTS, WITH A $500,000 GRANT WITH A SUBSEQUENT AMENDMENT AGAINST AN INITIAL REQUEST OF $941,646. IT WAS ONLY AFTER THE PUBLIC BIDDING PROCESS THAT WE WERE SUCCESSFUL IN SECURING AN AMENDMENT OF $250,750 AGAINST THE LOWEST BID OF $816,000 FOR THE FIRST PHASE CONSTRUCTION ONLY. IRONICALLY, BECAUSE OF THE TIMING OF THE AMENDMENT BECAUSE OF EDA BEING ON A CONTINUING RESOLUTION, THAT AMENDMENT HAS PREVENTED THE RELEASE OF ANY GRANT FUNDS TODATE, AND WE ARE 25% INTO THE CONSTRUCTION ON THE PROJECT. THE AGENCY, WHILE BEING SENSITIVE TO THE FACT THAT WE STRUGGLED TO USE A BONA-FIDE MINORITY GENERAL CONTRACTOR AND THAT 55% OF THE SUB-CONTRACTORS ARE MINORITY WHO MUST BE PAID, HAS YET TO RELEASE ANY FUNDS ON THE PROJECT. YOU SEE, WE FURTHER COMPLICATED THINGS BY BEING SUCCESSFUL IN SECURING THE INTEREST OF GSA TO RELOCATE AND CONSOLIDATE TWO AREA IRS OFFICES INTO THE BUILDING IF WE COULD DEMONSTRATE THE FISCAL CAPABILITY TO SUPPORT THE BUILDING BEFORE THEY SIGNED A LEASE INASMUCHAS THERE WOULD BE NO QUESTION OF OUR ABILITY TO SUPPORT AND MAINTAIN THE BUILDING ONCE THEY SIGNED A LEASE AND MOVED INTO THE BUILDING. (YOU EXPLAIN THE LOGIC...). THE IRS AS A TENANT WOULD MEAN 500 WORKERS COMING INTO THE AREA AND INCREASING THE TRAFFIC FLOW INTO THE CENTRAL BUSINESS DISTRICT. BECAUSE THIS EVENT WAS NOT A PART OF OUR ORIGINAL SUB-

MISSION, AND EVEN THOUGH IT MADE IMMINENT GOOD SENSE TO DO PARALLEL CONSTRUCTION TO SAVE MONEY, EDA COULD ONLY COMMIT TO ADDITIONAL FUNDING OF $200,000 ON A PROJECTED ADDITIONAL COST OF 1.4 MILLION. WE HAVE BEEN SUCCESSFUL IN PUTTING TOGETHER A CONSORTIUM OF FOUR BANKS TO PROVIDE A STANDBY COMMITMENT OF $1 MILLION FOR THE IRS SPACE CONSTRUCTION...BUT ONLY AFTER WE ARE IN RECEIPT OF GSA'S FINAL LEASE WHICH HAS BEEN IN THEIR TYPING POOL, WITHOUT EXAGGERATION FOR CLOSE TO 2 1/2 MONTHS. MEANWHILE, BECAUSE OF THE AREA UNDER CONSIDERATION, GSA IS DEMANDING MANY EXTRAORDINARY AND COSTLY CONSTRUCTION MODIFICATIONS FOR THE PROJECTED SPACE.

3. IN THE ORDER OF THEIR SERIOUSNESS AND THE URGENCY OF THE NEED TO SOLVE THEM, WHAT ARE THE MAJOR PROBLEMS YOU SEE IN YOUR COMMUNITY AND ARE TRYING TO DEAL WITH?

   A. INCREASED LOW AND MODERATE INCOME HOUSING (REHABILITATE EXISTING HOUSING STOCK AT RESALE PRICES TARGET POPULATIONS CAN AFFORD).

   B. IMPROVED PUBLIC MASS TRANSPORTATION THROUGH DEVELOPMENT OF PARA-TRANSIT SYSTEM.

   C. INCREASED FUNDING FROM FEDERAL GOVERNMENT AS LOCAL SUPPORT DIMINISHES TO DILUTE OUR EFFECTIVENESS.

   D. YOUTHFUL DRUG ABUSE PREVENTION AND EDUCATION (RISING INFLUX AND AVAILABILITY OF HARD DRUGS).

   E. YOUTH UNEMPLOYMENT AND CAREER TRAINING.

   F. PROVISION OF SERVICES FOR AN INCREASING AND AGING SENIOR CITIZEN POPULATION.

   G. DEVELOPMENT OF CAPABILITY TO FOSTER MINORITY COMMUNITY OWNERSHIP AND CONTROL OF THEIR ECONOMIC BASE.

H. FUNDING TO DEAL WITH INCREASING POPULATION OF IMMIGRANTS FROM CENTRAL AMERICA, SOUTH AMERICA, CUBA, HAITI AND OTHER ISLANDS, AS WELL AS A NEW WAVE OF EUROPEAN IMMIGRANTS.

I. FUNDS TO DEVELOP PROGRAMS TO ALLAY BUILDING RACIAL TENSIONS BETWEEN BLACK AND WHITE YOUTH OF THE "HAVE NOT" COMMUNITIES.

J. FACILITATING THE MEANINGFUL INVOLVEMENT AND PARTICIPATION OF THE POOR IN THE DECISION-MAKING AND POLITICAL STRUCTURES OF THEIR COMMUNITIES.

4. ARE THERE ANY VERY SERIOUS PROBLEMS IN YOUR COMMUNITY WHICH YOUR AGENCY HAS NOT BEEN ABLE TO APPRECIABLY DEAL WITH AT ALL BECAUSE IT LACKS SUFFICIENT RESOURCES? (IF SO), WHAT ARE THESE?

MOST OF THE ABOVE CITED PROBLEMS.

5. HOW DO YOU EXPECT YOUR PRESENT EFFORTS TO BE AFFECTED BY PROPOSED CUTS IN FEDERAL PROGRAMS SHOULD THEY BE CARRIED OUT?

WE WILL BE FORCED TO DIMINISH OUR EFFORTS AND SUFFER DECREASED EFFECTIVENESS AS A COMMUNITY ADVOCATE TO HELP PEOPLE TO HELP THEMSELVES. WE WILL BE FORCED TO WITNESS A RETURN TO WHERE WE WERE BEFORE THE 50'S AND WATCH HELPLESSLY AS THE FLORIDA AND KENTUCKY INCIDENTS BORNE OF FRUSTRATION AND DISILLUSIONMENT COME TO NEW YORK AND OTHER METRO-URBAN AREAS OF THIS COUNTRY.

THANK YOU FOR YOUR INDULGENCE.

The **Chairman**. Mr. Kearse, I would like to, if we can, since in the final part of your prepared remarks, you focus on answering the specific questions we raised earlier, now go to a few additional questions. I would appreciate it.

Mr. **Kearse**. Fine.

The **Chairman**. I would like to start with you in terms of questions, Mr. Kearse, because I am anxious to ask you a couple questions since you worked with the Community Action Agency since 1967, which means that for 13 years you have seen the journey of this agency, this program, this concept, and idea.

At one point, I don't know if it is still true or not, but I was the only Member of Congress who worked with all of these great society programs, pre-OEO, 1965, when we wrote the first San Francisco Economic Opportunity Act, I was a first-round concentrated employment program director; I worked with virtually every single great society program of the sixties. I know why some of them did work; I know why many didn't work, but I would like to get a sense from you, from your vantage point. How do you characterize the journey of the community action agency? In 1965, when Congress passed the Economic Opportunity Act, for 1965, 1966, and 1967, there was a glimmer of hope in the minds of many, many people around the country that (*a*) the Government was committed to address their problems, and (*b*) that the people, given that phrase maximum feasible participation of the poor, that the people would have an opportunity to take into their hands their own destiny and use the resources to solve their problems.

I get the feeling, and I am not on the front line any more, but I get the feeling now that community action agencies in many ways have been rendered impotent.

COMMUNITY ACTION AGENCY

Mr. Wilson opened up talking about institutional change and the need for it. I get the feeling that by legislation my colleagues ran from the participation of people in the destiny of their lives because people began to organize and express themselves politically; so we went from maximum feasible participation of the poor, to the Green amendment, which was one-third poor people, one-third city people, and one-third corporate community, and as we have gone along, we have taken this agency away from people and made it more of a bureaucratic agency. In many communities it has become an instrument of local government as opposed to a community organization.

What is your thought about that and where has the community action agency gone at this point, and if the community action agency is not the agency that is an expression of poor people, is there a Federal program or Federal agency where poor people are able to express themselves and fight back on their behalf?

Either or both of you may comment.

Mr. **Wilson**. Mr. Chairman, you probably will get two different points of view on that question. I became involved in community action on February 13, 1965. And you are absolutely right. I don't say that we are impotent at this point in time. I think that what we have to do as community action agencies is to take the law as it is now written and apply it in a different kind of way.

And that different kind of way is when we started out in 1965 there were not those programs, legal service programs, health programs, so forth. All of those were part of the legislation to implement. We were using services by which to help people move from poverty, to help people design programs to meet the local needs, different kinds of situations and strategies were developed, and we came in and I guess were successful in demonstrating to institutions that they needed to be responsible, the health institutions, legal services institutions, and I can remember when we started out with the manpower program and the Department of Labor told us that problem didn't exist, and there was no way you could deal with the structural poor, and we proved them different and probably embarrassed them to such an extent that they now operate the program in a different fashion.

Outreach from then to now has still been the heart and the basis of a community action agency. Today, the service programs, those programs that you have, we are still the one agency that identifies the people who have the most need and deliver the people to those services.

The CHAIRMAN. Yes, I understand from talking with people, that community action agencies at this point have done an extraordinarily capable job of administering the programs that have been given to them and have gotten those resources out to the people, but the impotency I speak of doesn't have to do with the administrative capability or outreach capability but the lack of political strength, because we virtually have written out maximum participation of the citizenry in using their political power to force institutions to respond to them. That is the nature of the question.

Mr. WILSON. Yes, then we are impotent.

Mr. KEARSE. Excuse me.

CITIZEN PARTICIPATION

The CHAIRMAN. What do you see to be the nature of citizen participation in the community action agencies at this point?

Mr. WILSON. Citizen participation works in two ways. First, informing people as to their rights and the people informing the people who have the responsibility and control of the resources—what is needed. That is citizen participation to me today. Citizen participation is convincing the people on the local level that they need to be more involved. That is what we have today.

I better let John, who is biting at the bit there——

Mr. KEARSE. I am not biting at the bit. I am very attuned to the statement. It is one that we live with on a daily basis, where we operate in Nassau, in that I have never been reformed in terms of the reformation of the act. It has always been my contention and continues to be my contention that we cannot purport to be advocates of the people in a political and socioeconomic society such as the one in which we live today unless we have them participate as active participants; to wit, I have lying on my desk at this point two letters from the regional office, indicating that we have somehow violated the law because we help people to participate in their right to exercise their franchise of citizenship in casting their vote.

I have no longer than yesterday called a press conference against our local representative who sits as a part of this august body, charging him with abuse and misuse of power as a representative because of his own personal attitude and problems with me as an individual and perhaps some racial problem in terms of attitude, but that he was willing to sacrifice the community's access to millions of dollars in order to try and satisfy that particular kind of problem that he was having with me as an individual.

I always believe that people need to be informed and to that end we publish a newspaper and in that newspaper it tells the truth. It tells people the things that the mass media will not tell them. It tells them the things they need to know and understand if they are to protect their interest in an articulate and effective way.

It is the organizing of people to protest when protest is in order, to do that within the system when that is possible, and to help them to arrive at the point where decisions are made that will effect those kinds of changes in their lives.

We live in a hostile environment politically, and attitudinally. The best protection that we can have is to be educated and informed and united. To that end, I am, in our area, as a community action agency, involving ourselves in dealing with trying to prevent, if you will, the fragmentation of the community in terms of ethnic attempts by the political and power structure to separate that community of people through ethnic approaches as opposed to conditional approaches to poverty.

To that end, we insist that no public works money will flow into that area unless we are a part of the decisionmaking process in terms of what is going to be done with that money, because certainly if they are coming in, they should be focused on the greatest area of need——

The CHAIRMAN. What is the response to that?

Mr. KEARSE. I used to have a community development corporation and a community action agency, we are currently in litigation against CSA around that particular issue.

Mr. WILSON. You may not see us around this time next year. I am reluctant to respond to some of the questions the way you would like me to respond, Mr. Chairman. The risk involved, it is not personal I am concerned—I have been taking risks for the last 25 years—but there is more at stake than just what I say. There is a lot more repercussion.

We have made the act work and hopefully in the best interest of the poor. We have informed the private sector and those in control of the problem areas. One of the things I am finding in coming here is that we have found all different kinds of ways to say poor and poverty—disadvantaged—and it seems like it is something that you are not supposed to say that it exists.

EFFECTIVE ADMINISTRATION

In answer to your question about effective administration, we are probably the only agency that has a 15 percent constraint. We cannot spend more than 15 percent of the total corporation money in administration. We, by mandate in the law, have to be good administrators in order to do that. We have problems when we don't even get indirect cost rates from other kinds of programs, and we are obligated, not obligated to the agency to run the programs, but obligated to the poor to run the programs by whichever means we can.

There are risks that have been put in. Economic opportunity is still the name of the game. If we cannot create those opportunities, if we cannot strengthen the families, then we cannot succeed.

We have been very successful. I think one of the problems that we have today with maybe some of the new legislators that are coming on is they have not been able to separate the Community Services Administration from community action agencies. True, there are 900 community action agencies, and of that, 200 of them are public community action agencies which come under the auspices of city government, and they are usually in the large metropolitan areas. The majority of them are like our agency in Topeka, Kans., Nassau County, a $2 million agency, not a megabuck organization fighting the problem.

So I would say we are politically impotent. We are here trying to encourage the legislators to take a look at the legislation as it exists, to strengthen it. There is a role, because I don't think we can roll back the clock, and I don't think you are going to get rid of or put CETA into the legislation for community services, and so forth, but I think there is a very meaningful role, and that role is our doing the outreach and our doing the family assessments.

Now what that provides the legislature with is information as to the impact that your programs are having in the community, and you get that information from the recipients, which I don't see you getting except for those few of us who are privileged to come to testify before you, and we have the wherewithal to get here. But you are not hearing the problems that a person has, saying we need to have this to help us get over the hump, and they can't have it for 12 months, and they are dead by the time it gets to them.

That is a very important role. It is still there. The purpose of the act never changed. Thank you for not changing the purpose. You might have changed the title, but you never changed the purpose, even with the restrictions, but in the Community Action Act, it says that CSA has a responsibility for coordinating; it doesn't say community action agency, it says on the local level a community action agency has to encourage that. If, on the other side, all the rest of the Federal programs had to coordinate their planning, just the planning, if there was a community human development plan to be submitted for use of Federal moneys in a community, you know, you would take one giant step of zeroing the resources in to solving the problem.

And I think with that—because I think that we have moved to a time to where there is a political consciousness, and that there are other kinds of organizations that don't have the constraints that must assume the responsibility of carrying forth where that legislation is not provided for us any longer, though I would like to see it back.

The CHAIRMAN. Thank you very much.

I notice that it is 12:30, and about time that we are going to have to conclude the morning session of these hearings, but I would like to first indicate that I appreciate the comments you made. Your ability to respresent the views of local community people and to round out that aspect of our hearing. We simply have not gotten to those views yet, but I would like to ask you each to comment on the last question, since I haven't invited your responses to the questions that we gave you.

FISCAL CONSTRAINTS

As you know, we presently find ourselves in the throes of an atmosphere of fiscal constraints. On the one hand, we have an expanded military budget; we have a decrease in human services. I would like to get from each of you, your comments with respect to what you perceive to be the social and economic cost of this country moving in the direction of greater fiscal constraint as it relates to assistance to the human beings, and let's use Mr. Kearse's term, in metro-urban areas of our country.

Mr. WILSON. I would like to say anarchy; that is what I see happening. No. 1, the prime two programs that we need to concentrate and elevate in my community are elderly care and juvenile delinquency prevention, and I take the position that strengthening the family unit will help that, but we are losing the capabilities and the funds by these cutbacks to deal with juvenile delinquency prevention, and I am not talking about juveniles that are existing; I am talking about the young people who are coming into it, who are losing sight of our family values, of our national values, who don't even have families.

I would like to relate to you about a young boy 15 years old that killed a man after robbing a store and he was asked the question, "Why did you do it?" And he said, "He got in my way."

"Do you have any remorse?"

He said, "No, I am sorry for the guy, but he shouldn't have gotten in my way."

There is no sense of values. We are cutting back on summer recreation because of cost. An example, the city of Topeka Recreation Department used to provide recreational services in the summer for the housing authority projects. They cut the services; we had to come up with a crash program and still could not meet the need.

I see this as just that there are going to be a lot of people who are frustrated, who don't have it, and it is going to be a rebellion. That is all I can see.

The CHAIRMAN. I wonder if that really is an expression of contradiction to our national values, when our national values say that killing is a fine thing, and we just call it war, and when we are in the throes of hysteria of war, we say to young people, you should register, that if necessary, you will be drafted; if necessary, we will send you to fight and die in some war. Maybe our national values do speak to violence, and maybe it does speak to death and destruction, and maybe what is happening is that these young people are not now challenging our national values; maybe they are the product of our national values. I don't know.

Mr. WILSON. Well, that might be what is real, but to me, I hope it is not.

The CHAIRMAN. I hope so as well. My fear is that we have reached to a point where this is the first generation in this country that is afraid of its children, and I maintain that a society that ends up afraid of its children is a society on the verge of its own chaos and its own destruction; this is just a notion I have.

I appreciate the fact that you zero in on this, because I think you have zeroed in on a critical area of human development and human evolution in our country that I think many people are not looking at. We are afraid of our children in this country at this moment, and no generation prior to this has ever made that statement.

Mr. Wilson. Probably the only relevant people to society's needs today are those that are under 7 years old. And we better take time with them or two generations from now we won't have much.

The Chairman. Mr. Kearse?

Mr. Kearse. Mr. Chairman, I just would like to comment on your prior question.

The Chairman. Fiscal constraint and the cost of society?

Mr. Kearse. No, it had to do with the impotence of the community action agency, the perception of impotence, and to stress that the problem with the program today, I think, is that it is reexperiencing the problem that it experienced in 1965, 1966, 1967. There was a sudden recognition of the fact that you can't suddenly empower people with resources and technology or knowledge and expect that they are going to be satisfied with the status quo. The objective that they have in mind is changing and improving the status quo.

The community action agency, through the years, has been an embattled program, basically because there has not been a retrenchment, if you will, from the original mission of the act in the field, but there has been, without question, a retrenchment in terms of commitment and resources on the part of the Federal Government to support that system.

What this has wrought is that many of us have chosen different roads to get to the same point. It is the reason why my colleague—he says his name is Larry; I call him Chaps—sits on that end of the table and speaks very fervently about human services and their delivery, and it is not that I am sitting at this end of the table in disagreement with him at all; it is that the human service delivery aspect has now been joined or enjoined, if you will, by the realization in the field and in the communities that human services without economic independence, stability and self-sufficiency, is still only half of a loaf, and people have been looking for that loaf that was promised to them with the pronouncement of the great society program for over these past 15 years.

What will happen to us if the proposed budgetary constraints are in effect? My answer to that, when I got to that, and I will stick to it because it is very short and concise: We will be forced to diminish our efforts and suffer decreased effectiveness as a community advocate to help people to help themselves. We will be forced to witness a return to where we were before the fifties and watch helplessly as the Florida and Kentucky incidents of recent vintage, born out of frustration and disillusionment, come to New York and other metro-urban areas of this country.

The Chairman. I would like to thank both of you very, very much for making a very significant contribution, both intellectually and emotionally, to these hearings. It is terribly important. I spoke about the sense of impotency of the agency and its inability to move forward politically, because my colleagues have said this is a democracy and you can participate in a body politic, but not with taxpayers' money. We really didn't mean that for you.

I think that is an unfortunate reality, and I identify with that because we sit here and experience our impotence. You know, room 1310 is off the beaten path, and you know, we are concerned about sensationalism as opposed to the controversy of the human tragedy that this committee is trying to open up, and we have to find ways to invent controversy, when it seems to me that just the statistics of the human misery in the damn cities of this country, as far as I am concerned, is controversy enough.

But maybe, as Gus Hawkins said, we just have to keep on going and maybe someday down the road some people will get smart enough to realize that we are talking about significant problems here, and while it is not as sexy as the Billygate or a few other things that members of the press are running around here reporting on in a regular way. Maybe someday they will find out that the subject of these hearings are more important because they go to the essence of the quality of human existence in this country.

I really appreciate your contribution to these hearings. Maybe someday all of us will rise above our impotence and make this country as great as it ought to be.

Mr. WILSON. Mr. Chairman, you are not saying that the enemy is within, are you?

The CHAIRMAN. On that note the committee will stand adjourned.

[Whereupon, at 12:40 p.m., the committee adjourned, to reconvene subject to the call of the Chair.]

PROBLEMS IN URBAN CENTERS—WASHINGTON, D.C., AND THE FEDERAL GOVERNMENT ROLE

TUESDAY, SEPTEMBER 30, 1980

House of Representatives,
Committee on the District of Columbia,
Washington, D.C.

The committee met, pursuant to notice, at 9:30 a.m., in room 1310, Longworth House Office Building, Hon. Ronald V. Dellums (chairman of the committee) presiding.

Present: Representative Dellums.

Also present: Elizabeth D. Lunsford, general counsel; Donn G. Davis, Dietra L. Gerald, and Robert B. Brauer, staff assistants; James T. Clark, legislative counsel; and Hugh Van A. Starkey, minority research analyst.

The **Chairman**. The House Committee on the District of Columbia will be in order for the continuation of hearings on urban centers, including Washington, D.C., and the role of the Federal Government in solving these problems.

Witnesses over these several days of hearings have included national experts on the conditions of urban centers and representatives of local government in the District of Columbia and in other cities.

Today's witnesses are from three community-based organizations in Washington, D.C. The first witness is Mr. Joseph C. Davis, chairperson of the National Housing Task Force of the Gray Panthers. Welcome. On behalf of the committee and myself, I wish to thank you for coming forward. You may proceed in any manner you wish.

STATEMENT OF JOSEPH C. DAVIS, CHAIRPERSON, HOUSING TASK FORCE, NATIONAL GRAY PANTHERS

Mr. **J. Davis**. It is not often community organizations get an opportunity like this. So often we will go to a hearing and the big city officials will testify for 3 hours. Sometimes we have to stay there till 10 o'clock at night and we go home tired and run down.

I happen to be retired from the National Bureau of Standards. Since then, I have written a couple of books about housing, and I have a column in the Washington Star which comes out once a month on what to look for in buying a home.

My name is Joseph C. Davis. I am chairperson of the Housing Task Force of the National Gray Panthers. I am also one of the two coconvenors, cochairpersons, of the local organization of the Gray Panthers of Metropolitan Washington. I am in a position, therefore, to see not only the housing situation from a local point of view here in the District of Columbia, but from a national point of view, especially in the big cities.

DISTRICT'S HOUSING SHORTCOMINGS

The District of Columbia, because of its peculiar situation, has many special housing problems that other cities do not have. It is dependent to a large extent upon revenues from the U.S. Government, and its housing situation changes, to some extent, with the mood of Congress. When Congress goes through a period of budget cutting, as they are now, the housing in the District suffers proportionately more than other cities which support themselves entirely by local taxation. That is not really true, when you stop to think of all the people who have been laid off from the steel mills. But you can see what I am driving at, anyway. Our Mayor, regardless of skill, outlook, and compassion or lack of compassion for the District residents, is limited in his options, and the situation grows worse.

HOUSING SHORTAGE

Nevertheless, we have many problems that other cities have—dilapidated, boarded-up houses, escalating rents, rampant speculation, hundreds of condominium conversions, unreasonable homeowner assessments, and redlining, regardless of national law to outlaw the practice.

As a result, there is an unconscionable displacement of poor and middle-class people from the city, with a corresponding influx of more prosperous people into the center city. The poorer folks who are displaced consist mostly of minority people—blacks and Hispanics—but many white folks are also feeling the sting of the displacement evil.

Because of the low vacancy rate in the District—less than 4 percent—it is probably more like 2 percent, but that is all I can say in public, 4 percent—there is no place to go, and many leave the city. Neighborhoods are broken up.

Broken neighborhoods are especially harmful to older people. They are used to local grocery stores, churches, and synagogues, and friends who can help them in time of need.

There is a woefully insufficient number of public homes for old people, and many of those that exist are run down and falling apart. In my testimony, I say just 2 weeks ago—this was supposed to have been given July 31; then it was 2 weeks ago—over 100 older residents jammed into the Mayor's office demonstrating against their suffering because of lack of air-conditioning and lack of security in their public housing. They won their case by going down to the District Building, demonstrating and raising a little bit of hell. Since this was written July 31, something else has happened. It seems people in the Judiciary House, public housing for old people, are frightened to death that their house is going to be torn down and turned into an apartment hotel. As you all know, at P Street and Massachusetts Avenue, they are trying to change the zoning so the apartments and buildings like Judiciary House can be changed.

This is a fight with which we are having a very difficult time. This is happening maybe in other cities, too.

I might say in the District of Columbia, this is not in my testimony, but there is a penchant for apartment houses and everything to do with the Convention Center. The Convention Center is not the will of the people. The Convention Center is great for the hotel owners and so on, and we would not mind it if the taxpayers did not have to pay for the whole thing. Why could not the hotel owners pay for this center.

It would be impossible as well as ostentatious on my part, without hours of research, to present all the causes and a comprehensive cure for this horrible housing situation in the District of Columbia and the country as a whole.

But I will make some suggestions both for the local Gray Panthers and National Gray Panthers that may help:

RECOMMENDATIONS

From an overall point of view, the U.S. economy, if it is to continue to exist, must temper its unmitigated drive for profits with a number of softening measures, such as was done under President Roosevelt in the New Deal days. We must change our priorities and how our money is spent.

New housing—public housing—must be erected in all the cities as well as the suburbs. Some of the new marvelous techniques in prefabricated housing could be employed. This housing could be operated by tenant housing committees which set policy, manage, and coordinate housing.

The Department of Housing and Urban Development and Congress must change their perspectives, and not govern their policy by guaranteed payments and financing for the developers and landlords.

Federally guaranteed mortgages to developers and landlords have generated much of the state of crisis in housing that we find everywhere. I recall several years ago visiting a housing development in the area of Minnesota Avenue in the District. Here were about 30 small brick houses, well structured and with relatively new roofs. But they were all deserted, and electrical equipment and plumbing had been ripped out. There were signs of past living in the houses: toys, old letters, shoes, and cans on the polished floors. What had happened to these buildings? Why had this development of new houses become a ghost town? And what had happened to the families who had lived with their dreams and hopes in these little homes?

The neighbors did not know. My friends did not know. But gradually I put the picture together, all except where the families had gone.

The original developer had built this complex of houses with guaranteed payment of mortgages by the Government. He had oversold the houses, promising the new owners everything regardless of their incomes. The inevitable happened. The owners could not make the payments; the residents were kicked out, and the Government made the payments for them. The developer, happy with his profits, abandoned the houses, and HUD with its cumbersome bureaucracy and insensitivity never made use of the fine structures and good roofs for homes for 30 families.

SECTION 8 PROGRAM

The section 8 program, wherein a private individual owns an apartment building and the tenant pays but 25 percent of his/her income for rent, is another example of a giveaway to the landlords and private interests. A landlord can give the worst, the most measly service to the tenants, yet he is assured of his rent by the Government. Rent levels are not controlled by local laws or the Government, and often they go sky high.

The section 8 program with all its evils and with all of its benefits to the landlords is always in danger of being curtailed by Congress. We, of course, despite the times and the penchant for support of the profit interests, support this program because it seems to be the best we can get.

SECTION 202 PROGRAM

The section 202 program, the best of all the Government programs, which finances houses for the elderly, should be increased at least by a factor of five or six. Elderly people sometimes wait 3 to 5 years to get into any kind of public housing, sections 8, 202, or otherwise.

It may be too much to ask in these times when the private sector of our economy is king and private industry and consulting firms are ripping off our Government by millions of dollars each year, for Congress to underwrite a new public housing program, but at least we can try. We can educate our leaders and the people to the need for change, and to the possibility of disaster if we do not change.

Meanwhile, it appears that we must be forced to resort to stopgap measures such as the following:

RENT CONTROL

While not a permanent answer, it has saved tenants in many cities from skyrocketing rents. It is no answer to the problem, but it is the best thing we have. Rent control, despite the propaganda from landlords all over the country, is not the cause of the mammoth housing shortage. This shortage is caused by inflation. Costs of construction materials, labor, and mortgage interest rates have soared. Other causes are the baby boom of the 1950's and 1960's, resulting in an unprecedented population growth in the United States. Huge profits made in condominium conversion is another reason that developers are not building new apartments.

It is of interest to note that, according to data published by the National Association of Homebuilders, labor's share in housing costs has, since 1949, decreased from 31 to 17 percent, and that housing costs attributable to banking have increased from 5 to 11 percent. Costs attributable to the price of land have increased from 11 to 25 percent. When you hear these developers and landlords talk and you heard Charles Wilson in this room talk about the terrible housing shortage being caused by rent control, let me tell you, his argument does not hold water.

Rent control is not the cause of condominium conversion. Cities such as Chicago, Detroit, and Tulsa, Okla., which have no rent control laws, are suffering from an epidemic of condo conversion as bad as, if not worse than, cities that have rent control.

The District of Columbia has had, since 1974, a moderate rent control law. Despite its shortcomings and its lack of sufficient funds for its adjudicating body—Rental Accommodations Office (RAO)—it has saved tenants thousands of dollars. It has also been fair to the landlords—too fair, oftentimes, when landlords have been allowed rent increases of as much as 50 percent in cases where they claim hardship.

Our local rent control law has two very important kingpin provisions: One, protection for tenants—those who form tenant unions, and two, the right of first refusal, where tenants have the first right to buy a building.

CONDOMINIUM CONVERSIONS

National legislation controlling condominium conversion is a necessity. Condominium conversion in the District had been, until the tenants won a series of moratoriums on conversions and finally a permanent law governing conversions, an extremely serious problem. Approximately 8,000 conversions occurred between 1977 and July 1980. No one really knows where the displaced persons went. Old women, many of them widows, were affected. These figures give but a part of the picture. Lots of times these old widows will pack up their things in cardboard boxes and just sit there. Two have been known to commit suicide in this area. Nine thousand certificates of eligibility have been issued, and 6,000 applications for conversion are pending. This totals 23,000 or almost 13 percent of the rental units of the District.

Often tenants are caught in the net of conversion displacement two, maybe three times. There have been mental breakdowns, and I mentioned one or two suicides, and at best, many elderly widows pack their belongings in cardboard boxes and just sit in their apartments, waiting for the inevitable.

Some fight back. Many tenant associations have been formed. Some associations have won victories. Many have helped to get the new condominium law.

This new law—one of the best in the Nation—has two progressive provisions which will protect the tenants: One, tenants vote and decide whether a conversion takes place or not. Fifty-one percent must approve or it will not take place. Two, old people, if their incomes are less than $30,000 a year, can stay in an apartment as renters if a conversion takes place. Incidentally, we are finding out, although this is a new law, that the landlords are playing tricks, the developers, they will put people in apartments about 2 or 3 months ahead of time before they are going to cause conversion to take place and these people will go around and tell people they are buying an apartment. This happened out there in Maryland at the Promenade. Some of these stooges came in and took it to court, they said, people have already bought an apartment and you have to let this conversion go on. All kinds of tricks are going on.

Mr. **Dellums**. Will you explain that again?

Mr. J. **Davis**. If you read this article in the Washington Post last week as to the Promenade apartment and the terrible time they are having, you will find this Invsco Corp., one of the largest conversion developers in the United States, they rented these apartments, then when it came time to convert, these people went around and sold everybody else on converting.

Not only that, when the tenant people took it to court, the court says, well, you already have people who have purchased apartments here, so therefore your claim is not any good. These are the kinds of tricks going on all over the city. We might have to get some City Council person to change this law in some way.

A national condominium law is necessary. It should be enacted soon, before thousands more people are moved forcibly from their homes. Condominium conversion is the shame of the cities.

PUBLIC FUNDING FOR TENANTS TO BUY APARTMENTS

Public funding for tenants who want to buy their apartments. The District of Columbia now has a fund, some of which comes from block grant money, that can be used by tenant associations that want to buy their buildings. This type of funding should be instituted nationwide, with sufficient block grant money to support it. Low-interest loans should be simple and easy to obtain.

PUBLIC HOUSING

Generation of moneys for a massive program of public housing, including special housing for the elderly—I keep saying this over and over again, and I will say it again in an addendum I wrote. Back in the 1930's, there was not this stigma as to public housing. Public housing is a dirty word now, and it should not be. Back in Chicago where I lived, Joe Louis lived in public housing there, everybody liked him, and it was not condemned and vilified by the newspapers and the media. We can think of new terms, possibly, as the years go by, during the next 10 years of the 1980's. There will never be enough money for housing if the defense budget keeps escalating. I know the defense budget is a problem. We read in the paper about the war in the Near East. There are a lot of people who say we have to build up our defenses. But if we keep on escalating on both sides of the ocean, there will not be enough money left for anything. Housing and social security will be affected; everything will be affected. It is like a pond, the pond getting smaller and smaller and still the same number of frogs in it. The day will come when everybody will starve, not only the poor but the others as well. Regardless of how much we would like it, the banking industry will not come up with low-interest funds for public housing. The job will then fall to block grant funding.

But there will never be enough of this type of money as long as the defense budget keeps escalating. We propose, accordingly, that Congress begin thinking again in terms of SALT II, and that the mayors and city councils start pressuring their Senators and Congresspeople to return to the SALT II Treaty.

Before this treaty was derailed, the city councils of Gary, Ind., Cleveland, Ohio, and Chicago, Ill., passed resolutions supporting SALT II. During the 1970's, the mayors of the big cities put pressure on President Ford to limit the defense budget. No more. They meekly fall in line with the contemporary race toward the destruction and ruination of the cities. In those days, the mayors would go to President Ford and he would say, now look, you cannot upset the applecart, and they would back down. Now they are not doing that. I cannot understand what mayors are thinking of, allowing cities to get in the shape they are in.

The next is elimination of racism in housing. In Detroit, I saw the Ku Klux Klan walking down the street. They were beating drums. They marched for 4 hours, between Royal Oak and Detroit. This is coming back, and we just cannot let it happen. So this racism that seems to be sweeping the country may be the start of a bigger Ku Klux Klan.

ELIMINATION OF RACISM IN THE HOUSING SCENE

Redlining still prevails, both in the areas of banking and insurance. These could be curtailed by education and by firm prosecution of violators. We could probably have television programs, could we not, where we could talk about racism. The television programs are full of things about go join the Army, NIH; why not something about housing?

In every city, low-cost housing, like a stepchild, gets buffeted about by the respectable white citizens. These citizens, in their testimonies, persistently come up with their dishonest and fantastic excuses for not allowing low-cost housing in their neighborhoods. They are trying to develop low-cost housing at the Providence Hospital area. I went there to hear this testimony. Everything was going along fine, the architect told about the kind of housing they can have, it would be modeled after the Friendship housing project. Then the young prosperous people got up and the whole program was filled with these people saying the fumes from the kitchen in these places would smell bad. What they meant was they did not want black people in there.

To date, the Government does not help. A hard-hitting series of federally financed television programs would help to stop this type of thinking and perverted action.

City mayors must put a lid on the millions of code violations in minority neighborhoods. I have a table here which you can read in my testimony. It points out that housing units with one or more major flaws.

TABLE 1.—*Housing units with one or more major flaws*

	Percent
All races	9.7
Black	21.4
Hispanic (all)	18.5
Puerto Rican	27.7

Source: "How Well Are We Housed?", HUD, 1976 data.

"Minorities continue to have only limited access to housing outside of segregated areas," the Civil Rights Commission reported in the 1960's. While minorities make up at least 15 percent of the Nation's population, they constitute only about 6 percent of the suburban population. This should be changed.

ABANDONING BUILDINGS

Steps must be taken to cure abandonment of apartment buildings by landlords. While landlords used to get their profits from the difference between rents and normal upkeep costs, now many "milk" the buildings; they pocket all the rents and stop making repairs. They abandon their buildings, and the move strikes hardest at the minorities who have no place to go. Added to this intolerable situation, the landlords pay no taxes on abandoned buildings, contributing to shrinking tax bases in the cities.

This is the end of the testimony I had for July 31. Since then, I discovered the city of Washington has done something about the abandoned, boarded-up houses, and I want to give the city some credit. Now I am reading from the addendum.

At least a few things are being done in the District of Columbia. For various reasons, including the racist flight of white people to the suburbs, about 5,000 boarded-up houses existed in the District of Columbia in 1975–79. Most were in the central city. All of these occurred when houses for the poor and middle-income people were woefully inadequate.

NEED FOR MORE FEDERAL PROGRAMS TO ASSIST LOCAL GOVERNMENTS

This situation to an extent has improved since Mayor Barry assumed office in 1979. His administration designated 750 city-owned boarded-up houses for quick rehabilitation, and using section 8 funds and section 235 interest programs, a small amount of headway is being made toward producing shelter for our citizens. An example is the Bates Street project. This is a street over in Ward 6. I remember walking over there about 1976, something like that. You just cannot imagine the squalor. The buildings were falling down, the windows were boarded up, but people were living in them. This project involved a good economic mix of approximately 100 renovated homes. I am not sure it was exactly a hundred, but on that order; 45 have been sold to people who lived in the ramshackle old structures before renovation started; 54 have solar hot-water heaters; 92 were, or will be sold at a market rate with low interest rates. All should be completed by the first of the year.

However, this program will make but a small dent in the housing calamity in our city. There are still hundreds of boarded-up houses left in the city, and many of these are being swallowed up by developers and turned into super expensive houses for the affluent people, many of them white, who are now willing to come back into the city—not the same white people—because it is fashionable and they have easy access to the subway.

GRAY PANTHERS RECOMMENDATIONS

The Gray Panthers believe that if the housing of the District of Columbia is ever to be ample and suitable to the incomes of our citizens, it is necessary for:

Congress to focus in on the housing crisis in all the cities and to quit worrying about fallacious arguments that rent control causes the shortage of housing and condominium conversions in the United States. In focusing in on this crisis, the Members of Congress must consider the imperative need for signing the SALT II Treaty, because the defense budget is rapidly depleting funds for social needs, housing being one of the most needy.

We urge the Members of Congress to reconsider their prejudice against public housing without benefits to private industry. Many of us older people—and I have said it before—I have talked here about how public housing was not a dirty word in the 1930's—can remember in the 1930's when public housing did not have a stigma attached to it. Other countries of the world are not afraid of public housing, and there are so many wonderful new techniques that can be used for mass production of buildings, such as prefabricated methods. It would not be necessary to discard section 8 programs in their entirety. All we are asking is that a well-thought-out program for public housing be planned and implemented very soon. Otherwise squalor, crime, and hate will stalk the land.

ELDERLY HOUSING

In particular about 10 times more housing for the elderly than we now have should be constructed. Although the section 202 program is one of the best of the housing programs, we would like more buildings less than six stories in height with less concrete, more plants and flowers, and with stronger security measures to protect old people from robbery and mugging.

Appropriations for congregate housing should be increased by four or five times. This type of housing makes provision for dining rooms, laundries, medical services, and other necessities that the 202 housing does not have. For sure thousands of dollars, perhaps millions of dollars, could be saved by municipalities and the Government by keeping ambulatory patients out of nursing homes. Some experts estimate as much as 15 percent.

As Members of the Congress, please listen to what Congressman Rosenthal is trying to say, he is saying the condominium epidemic is of major proportions. He wants a moratorium. It is hurting the blacks, whites, Hispanics, everybody in the United States. It is not only in the District but in Chicago and many, many cities of the country.

URBAN RENEWAL

Another thing I have here is some flyers that will be hitting the streets pretty soon. The heading is urban removal. They sound alike and mean the same thing, urban removal and urban renewal.

In the Shaw area where they have the new school over there, uban renewal came along and took away people's homes by eminent domain. The last woman to stay there was Martha Brown. She owned a little white structure over there. She did not want to let go because they only offered her $16,500. She did not let the utility people in to shut her utilities off. Finally, the city said this house is going to be torn down. So the Gray Panthers, the citywide coalition, and other organizations came around and sat in that house. Some of us handcuffed ourselves to the furniture. I brought my medicine along—I have a little heart trouble—in case I had to go to the judge; and people got on the roof, too.

Two weeks after we started our vigil, they came at 6:30 in the morning. They took the bulldozer and tore the house down. Martha Brown has never received a cent for that house, and Giant Food Store is on that land. I think the law says you cannot take a person's land away by eminent domain without proper compensation.

I know you folks have been very good about not stepping into the District affairs. That was shown by the Charles Wilson testimony a few weeks ago. But we want you to know about this, so if you will take some of these.

My last word is thank you very much. It is not very often that people of the streets, city people can offer testimoy such as this.

Also, I did not touch on homeowners' problems. I happen to own a home in this city, and the assessments in our city and other cities are getting way out of proportion. We can get figures if you want showing that the assessment for the men and people owning office buildings has not increased nearly as much as it has for the homeowners.

Thank you very much.

Mr. **Dellums**. I would like to thank you for what I consider to be extraordinary testimony, outstanding sensitivity, and to the point. I just wish all my colleagues were here to hear your testimony firsthand.

GRAY PANTHERS

I have a number of questions I would like to ask you. But first let me begin by asking you about the membership of the Gray Panthers. For the record, to talk to some extent as to what the Gray Panthers are attempting to do both locally as well as nationally to address the housing needs of the elderly in this country.

Mr. J. **Davis**. The Gray Panthers has about 10,000 members, approximately 110 chapters throughout the country. It is one of the fastest growing organizations.

In housing, we are doing the best we can. You must remember that all of us in our cities are deep into the struggles on condominium conversion and people being displaced. We hardly have time to mount a nationwide struggle. What we are trying to do more than anything else is to impress on the public and the media the need for more housing. We all know there is not enough. We all know that.

It is sort of a copout in a way, but we are also promoting shared housing, particularly in California. They have services in San Jose, Calif., where people who want to share their home if they are elderly can write into an agency and they will match people up. It is more like matching than dating, but it is more sensitive than that and you might be interested in knowing that men and women will match you whether they are married or not. It serves as a stopgap. We do not say this is an answer to the housing situation in the United States.

I hope I have answered your question.

ELDERLY HOUSING

Mr. **Dellums**. On page 5 of your testimony, Mr. Davis, you indicate that elderly people sometimes wait 3 to 5 years to get into housing, section 8 or otherwise. What is the waiting time in the District of Columbia?

Mr. J. **Davis**. Over 10,000 families are on the public housing waiting list, and the average waiting time is 5 years. Over 10,000 families. You might ask me the next question, which I do not know the answer to. We do not know where these people live who are waiting to get into those houses. I suppose they live with their children. I do know they live in boarding houses down next to Pride, in U Street. I have been in those places where roofs are leaking. And they are boarding houses without meals. That is all they are, rundown boarding houses. Some live in homes owned by private individuals.

You have read in the paper about homes for the older individuals that have lots of times caught on fire and people have died. There are a lot of these in the city. They are in other cities, too. Lots of times they will take people out of the mental institutions and put them with these older people.

That is the best I can answer at the time.

Mr. DELLUMS. Can you give me some examples beyond those you have just given to show how the elderly are coping with the shortage of affordable housing here in Washington?

Mr. J. DAVIS. Well, they are just putting up with it. We find people are calling the Gray Panthers every day. Our movement is growing. People call up and say, "Can I join the Gray Panthers?" But I would say most of them are absolutely resigned to the situation. There are some mitigating circumstances. They do have these senior citizen places. They will go to the senior citizen offices and have a pretty good meal. There are some section 8 houses, but I do not know where the people on the waiting list go. I cannot tell you. I think they are just absolutely hopeless. You go around, you give talks to these senior citizen centers, they agree with you, what you say, and they just sit there, then they say goodby, and that is all there is to it. It is getting worse and worse, as you can well imagine, as the poverty increases.

SECTION 8 HOUSING

Mr. DELLUMS. Have the Gray Panthers made any recommendations to HUD or Congress with respect to improving section 8 housing?

Mr. J. DAVIS. Well, HUD is a very sensitive and cumbersome outfit. Every time I get something from HUD asking me to join something I throw it in the wastebasket. On the other hand, you cannot blame HUD for all that is going on, the weaknesses in the section 8 program and the 235 and 202 programs. You cannot blame HUD for those things. I do not know what to say about those things except to say let us stay away from them. We do not have much credence in what they do.

HOUSING CRISIS NATIONALLY

Mr. DELLUMS. As I look at the problems confronting the people in this country, I see housing looming as perhaps the most explosive issue in America. I see an absence of Federal laws supporting Federal housing. And I see rent controls as an expression on the part of local people for some kind of help and some kind of policy in this area. While rent control may or may not be a specific answer, it is people calling on the local level for a national policy in what has become a national crisis.

Mr. J. **Davis**. I agree 100 percent. It is just the grassroots crying out for some help. I am always amazed at the Bronx, what is it up there in the South Bronx, this rubble that keeps on existing and the crime attendant to it, and the candidates they all go up and pose in front of the South Bronx and nothing happens. This is typical about what happens. Nothing happens as to housing, and people are crying out for something to happen.

It reminds me so much of about 15 or 20 years ago when I wrote a letter to some Congressperson or Senator about the FEPC. Many of the younger Members of Congress do not remember what the FEPC was; it was a law to protect the rights of black people in employment and so on. I said in my letter, the FEPC, if you do not keep it and vote for it, there will be terrible disaster in the street, there will be fires and people will explode, and it happened. I never saved that letter. I wish I had. And that Congressman or Senator probably gave me an informal answer. But that is the way I feel now about the housing situation. I think as Congressman Dellums says, it is explosive, anything can happen.

This business involving Martha Brown, it could cause trouble in the District of Columbia, and I do not want to see it happen. We have to stop it before it happens.

Mr. **Dellums**. I tend to agree with you that rent control is not the problem.

A few weeks ago one of my colleagues offered an amendment on the floor of Congress to a piece of housing legislation. It had to do with new construction. It prohibits any jurisdiction that has implemented a rent control measure from eligibility for this program.

I was literally overwhelmed by this amendment. On its face it is unprincipled and undemocratic. I never had the slightest thought that this amendment would pass, but it did. I said on the floor of the House that there are only two ways rent control measures become realities: first, through the initiative process, or secondly, through local governments, duly elected, implementing rent control provisions. So why should we at the Federal level, if we are committed to democratic processes, now penalize people at the local level for attempting to address this problem with the limited resources they have available to them absent a national policy? The Congress has not found a way to address this national policy issue yet the measure to penalize local governments who enact rent control passed.

When Members walked on the floor this is how the measure was explained: Vote against rent control. So they voted against rent control, but the amendment was unprincipled and undemocratic. I am sure many of my colleagues had no idea, but it was couched in terms of "We must fight rent control."

In looking at the Federal tax laws, for example, one finds that our laws do not support the construction of rental housing, do not support ownership of rental housing or people who live in rental housing. These laws serve as tax disincentives.

Have the Gray Panthers explored this area? Have you made comments or testified before other committees as to how in no way the tax laws support rental housing?

Mr. J. Davis. No, we have not. As a matter of fact, we are so busy we have no time to do things around the house, mow the lawn, et cetera. There are just a few of us.

But I think we have to have a new set of people in Congress. I do not mean to step on anybody's toes. In the 1930's when we had the New Deal, all of a sudden people were speaking. Now it is the extreme right wingers who are speaking, and the newspapers are gobbling it all up.

I remember in the 1930's, regardless of what you think, I was working in Sears, Roebuck selling shoes, going to graduate school, and everybody came in with a Landon button. I felt what is happening in this country, Landon will win by a landslide, and I got up the next morning and Roosevelt had won. Everybody was afraid to wear the blue and white button.

Then I went to the Railway Express and people were rejoicing that Roosevelt had won.

After the election we got all sorts of things, SEC, social security. We will not have these things until the people elect new people. These things will never come about and the Gray Panthers do not have the time—I have a television set that has not been fixed for 1½ years. My wife is after me. It has to come from having a new set of ground rules.

Mr. Dellums. I agree with you with respect to your analysis, the impact of the military budget on our lives.

I find it very interesting, this month, Fortune magazine, the magazine of the multinational corporations, makes the statement gently, but interestingly enough they do make the statement, that if we continue to expand our military budget, this economy is going to collapse. So for the first time, you now have members of the corporate community, those outside the military-industrial complex, not reaping the benefits of the many millions of dollars being pumped into Trident submarines, for example, now realizing that as you pump more resources into defense techniques, you build techniques that will ultimately either blow us off the face of the Earth or the bottom drops out of our economy from the sheer weight. I am glad to see that corporate organizations have begun to see that this road is the road to disaster.

Mr. J. Davis. I am so pleased that the black community is beginning to understand this. More and more you go around and hear talks by black leaders, and they talk about the military budget. In the 1960's we saw so many young whites out in the street against the Vietnam war. Understandably the blacks were not out there, because they were more vulnerable to punishment. Now it has changed. The young blacks are talking about the draft, and I am glad about it.

Mr. Dellums. Do you find HUD supports displacement of poor and elderly who are living in rehabilitated housing in center cities around the United States?

Mr. J. Davis. I do not think they are the cause of it. They are insensitive and large and do not do much, but the programs they have are stopgap programs. You cannot blame them for that. It is the temper of the times, and the ultraright has a lot to do with it.

Mr. Dellums. Mr. Davis, I would like to thank you. Any questions from the minority?

RESIDENTIAL TAX RATES

Mr. **Starkey**. You referred to the fact that residential tax rates have been increasing faster than commercial tax rates. Has that become a problem for the elderly in the District to continue owning their homes?

Mr. J. **Davis**. It is terrible. Out in Northeast. So many people cannot keep up their high assessments, and they are beginning to have to move out. Many of them are widows. It is bad now. The Gray Panthers is in this utility struggle, also. We are getting new members, people who own a home in Northeast or Northwest, and they will ask about utility and assessment rates, and we help them as best we can.

Mr. D. **Davis**. Do you think that HUD, assuming it could do so, should design the types of housing you spoke of. What I want you to respond to is whether you do not believe your lobbying activity should center more on the lack of programs in HUD?

Mr. J. **Davis**. Yes, I think they could give us more section 202 programs. However, HUD cannot do anything if Congress will not appropriate more money.

At one time there was a threat of cutting off about $5 million for the section 8 program. I think that has been tempered somewhat. We cannot blame HUD for that. But you are asking more about programs, and I guess we should think of more innovative programs. But right now we are so immersed in section 8 and getting more public housing and so on that we have not thought about that.

MIDDLE-INCOME HOUSING

Mr. D. **Davis**. Would you conclude that the Congress is paying more attention to the problems asociated with middle-income housing?

Mr. J. **Davis**. My stand is you need it for both. It seems the middle-income people are now becoming the poor-income people, and you have to protect both of them. This condominium thing is an example of that. The widows out on Connecticut Avenue are suffering terribly. They seem to be middle income, but they are living on the ragged edge. They have maybe only $20,000 in the bank. I know that is what my wife and I have, $20,000 in the bank. That does not mean anything anymore. I do see over and over again talk about protection of the poor people, which I believe in very much, but you have to start protecting the middle-income people now in the 1980's.

Mr D. **Davis**. Would it, in your opinion, be very effective if the programs enacted by the Congress, designed by Congress and implemented by HUD, gave more attention to keeping people in their original neighborhood, rather than permitting this move to the condominiums and the rental units, where it appears a number of problems begin? Would it not be better if we concentrated on keeping people in their homes, where they are to begin with?

Mr. J. **Davis**. Most emphatically. There is a new program which I have been invited to join, which I cannot because I am so busy, neighborhood development program which speaks to that. It is just awful for an old person to move, have to get new drapes, get her furniture out of the house, pack her dishes up. I am 72 years old and I find it difficult to make adjustments, cannot do it any more. I agree with you absolutely.

Mr. D. Davis. Thank you very much.

Mr. Dellums. Mr. Davis, I want to thank you personally and the Gray Panthers for your contribution to these proceedings.

We perceive these hearings as the initial beginning of our inquiry. It is important that our colleagues throughout the country know that many of those living in our cities are expressing problems, and unless we address them sometime in the 1980's, all hell will break out. So it is my hope we can use this committee to dramatize the conditions that confront the urban area here, as well as throughout the Nation.

We thank you for your contribution. As we continue to refine and expand these hearings, we will be calling upon you again.

Mr. J. Davis. Thank you for the opportunity. I have here a couple of documents which you folks might like to have.

Mr. Dellums. We appreciate it, and without objection it will become a part of the record of these proceedings.

[The information referred to is in committee files.]

Mr. Dellums. Our next witness is Mr. Angel L. Irene, executive director of the Council of Community and Hispanic Agencies. He is accompanied by Mr. Alberto Gomez, housing counselor for the council. We were particularly interested in receiving testimony from members of the Hispanic community in Washington, D.C, a community which is one of the most active, vocal, and fast-growing groups in the city.

We would like to welcome you, and you may proceed in any manner you choose.

STATEMENT OF ANGEL L. IRENE, EXECUTIVE DIRECTOR, COUNCIL OF COMMUNITY AND HISPANIC AGENCIES, WASHINGTON, D.C., ACCOMPANIED BY ALBERTO GOMEZ, HOUSING COUNSELOR

Mr. Irene. Mr. Chairman, members of the Committee on the District of Columbia, ladies and gentlemen, good morning.

On behalf of the Council of Hispanic Community and Agencies, I wish to express our appreciation for giving us the opportunity to inform you about one of the most serious problems facing our community: the unemployment problem.

My name is Angel Luis Irene, executive director of the Council of Hispanic Community and Agencies. The Hispanic Council, as we commonly call it, is a nonprofit umbrella organization that unifies and coordinates the work of 21 member agencies serving the District of Columbia Hispanic community. The Hispanic Council also serves as a vehicle through which the community, together with the agencies serving it, attempts to find solutions to social problems.

The Hispanic community of Washington, D.C., has grown rapidly during the last 15 years. It is our contention that, together with this growth in population, the Hispanic community has experienced a growth in social and economic problems to include a serious unemployment problem which has been overlooked or at best poorly addressed by the Labor Department and the government of the District of Columbia.

We further contend that there are various reasons that make this a very poignant problem.

When attempting to assess these factors, the first difficulty we face is data limitations.

CENSUS COUNT OF HISPANICS

Up-to-date data on the Hispanic community in the District of Columbia is extremely scarce. The 1970 U.S. Census, which is generally considered to practice extreme undercounting, places the number of Hispanics in the District at 15,671. Hispanic community agencies and the District of Columbia government in 1976, however, placed the number of Hispanics at well over 50,000. At that time before Congress, they were using the figure 75,000, and I believe some are CETA employees. It is estimated that there are presently over 200,000 Hispanics within the standard metropolitan area. Statistical data collected by the District of Columbia government ignores, or simply does not bother to include, the Hispanic community, even though our population grew over 65 percent from 1960 to 1970.

However, in order to present the most accurate portrait possible, we have drawn 1970 census data from census tract 2, 27 39, and 40—the Mount Pleasant, Adams-Morgan area—where one of the largest concentrations of Hispanic residents may be found. We also used data from the latest and most comprehensive studies done about the Hispanic community so far.

STATEMENT OF NEEDS

According to studies done by the U.S. Congress, the unemployment of nonwhite Americans is the result of a number of reasons: "* * * discrimination, education attainment and achievement and the market situation * * *" (See footnote 4, p. 603)

In the Washington, D.C., Hispanic community these factors are very much a reality. According to the 1970 census, 23 percent of all District of Columbia Hispanics have completed high school. In census tracts 38, 39, and 40, the figures for noncompletion of secondary-level education were 70 percent for Hispanics and 57 percent for blacks. Furthermore, in 1970, 13.5 percent of all District of Columbia Hispanics were living under poverty level, as compared to 12 percent nationwide. Despite the considerable number of Hispanics living in poverty, only 3.8 percent were receiving any type of public assistance, including unemployment benefits.

UNEMPLOYMENT

The 1970 census findings indicated that the unemployment for District of Columbia Hispanics was 18 percent. In 1971, the District of Columbia Manpower Administration conducted a study on Hispanic employment-related problems. The DCMA summarized its findings by reporting that the Hispanics often have to accept jobs below the minimum-wage level, hold two or three jobs currently, take positions below their level of training, cannot upgrade their qualifications for lack of time, energy, or opportunity for advanced training, and are often victims of exploitation and discrimination by their employers.

This data appears to be confirmed years later when the District of Columbia Washington Urban League conducted a citywide survey called SOS '76. According to SOS '76, stable jobs at fair wages is fundamentally a Hispanic problem. The survey concluded that "Latinos were more likely than blacks to be unemployed because of layoffs and budget cutbacks." That is 48 percent of Latinos were unemployed because of layoffs compared to 28 percent of blacks; 83 percent of the Hispanic population interviewed said they could not find jobs because they lack training and experience; 79 percent of the Hispanics felt that they needed job training; 71 percent said they had not received job training in the past. Only 15 percent of the unemployed were receiving jobless benefits; 83 percent of those interviewed were not eligible for unemployment benefits; 65 percent have been to the District of Columbia employment office, but 94 percent felt that they were not being helped to find jobs.

For 55 percent of those Hispanics interviewed who had jobs, stated that there were no other household members at work, and about 85 percent of them said that they have to have more than one job to make ends meet.

Furthermore, according to a 1979 survey titled "The Housing and Demographic Characteristics of the Adams-Morgan/Mount Pleasant Planning Area and Socio-economic Characteristics of its Latino Community" prepared for the Office of Latino Affairs and the District of Columbia Department of Housing and Community Development, the unemployment in the District of Columbia Hispanic community is as high as 16 percent, twice that of the city as a whole. Over 90 percent of those unemployed are not receiving unemployment benefits. Hispanic families have a larger median-size family than the rest of the community, and earn 51 percent less than its white counterparts. Of all Hispanics interviewed, about 50 percent of them do not speak English well or none at all.

The foregoing limited data should give you an idea of the unemployment problem facing the District of Columbia Hispanic community. On various occasions we contrasted black-Hispanics data to further project the accurateness of the problem, for if the unemployment problem within the District of Columbia black community is without question of crisis proportion, so is that of the Hispanic community.

The District of Columbia Hispanic community has brought this problem to the attention of the city administration and the District of Columbia Employment Services Department in several occasions. However, the city has failed to effectively deal with the problem.

LOCAL GOVERNMENT

The District of Columbia Department of Employment Services does not have the slightest notion about what should be done about Hispanic worker exploitation, the unemployment, and gross underemployment. Of over 1,300 employees, this department only has seven Hispanic employees. The department lacks a program or policy attempting to address this problem.

However, the lack of policies and programs addressing the problem of unemployment among Hispanics is not a problem unique to the District of Columbia Department of Employment. The overall government of the District of Columbia has failed to be an equal opportunity employer for Hispanics.

In August 1971, former Mayor Washington committed the District of Columbia into a program designed to increase the number of Hispanics employed by the city government. At that time, according to the 1971 staffing patterns report, Hispanics comprised only 0.6 percent of the total District government work force. Today, 9 years later since the establishment of the program, Hispanics constitute only 0.5 percent of over 40,000 employees comprising the city's work force.

Thus, it is our contention the Hispanic worker cannot get jobs within the District of Columbia government, and they are the first victims of layoffs and cutbacks in the private sector. As a result, a great number of Hispanics are unemployed and underemployed.

CORRECTIVE MEASURES RECOMMENDED

In view of the seriousness of this problem, we have categorically asked that at least the following corrective measures be undertaken by the responsible authorities of the city:

One, District of Columbia DOL should fund a 4-year comprehensive bilingual bicultural employment and training center for Hispanics.

Two, DOL should recruit and hire bilingual, bicultural staff to serve the total population but available to service Hispanics seeking jobless benefits and employment.

Three, DOL should hire Hispanics in top decisionmaking positions.

Four, DOL should initiate a survey to ascertain the unemployment problem of the District of Columbia Hispanic community.

Five, the District of Columbia Office of Human Rights should hire a top Hispanic equal opportunity officer who will bring all heads of departments and agencies into compliance with the Equal Opportunities Act.

At present, the Hispanic Council is seriously looking into the legal resources available to our people, since the District of Columbia Employment Services Department has made no serious attempt to solve the issue of unemployment among Hispanics.

Thank you. We would like to hear from Mr. Gomez, then we will have some questions for you.

[Mr. Irene's prepared statement follows:]

PREPARED STATEMENT BY THE COUNCIL OF HISPANIC COMMUNITY AND AGENCIES

THE D.C. HISPANIC COMMUNITY AND THE PROBLEM OF UNEMPLOYMENT

Mr. Chairman, members of the Committee on the District of Columbia, ladies and gentlemen, on behalf of the Council on Hispanic Community and Agencies, I wish to express our appreciation for giving us the opportunity to inform you about one of the most serious problems facing our community: the unemployment problem.

My name is Angel Luis Irene, executive director of the council of hispanic community and agencies. The Hispanic Council, as we commonly call it, is a non-profit umbrella organization that unifies and coordinates the work of twenty-one member agencies serving the D.C. hispanic community. The Hispanic Council also serves as a vehicle through which the community, together with the agencies serving it, attempts to find solutions to social problems.

The Hispanic community of Washington, D.C. has grown rapidly during the last 15 years. It is our contention that, together with this growth in population, the Hispanic community has experienced a growth in social and economic problems to include a serious unemployment problem which has been overlooked or at best poorly addressed by the Labor Department and the government of the District of Columbia.

We further contend that there are various reasons that make this a very poignant problem.

When attempting to assess these factors, the first difficulty we face is data limitations.

Up-to-date, data on the Hispanic community in the District of Columbia is extremely scarce. The 1970 U.S. census, which is generally considered to practice extreme under-counting [1], places the number of Hispanics in the District at 15,671. Hispanic community agencies and the D.C. government in 1976, however, placed the number of Hispanics at well over 50,000. It is estimated that there are presently over 200,000 Hispanics within the standard metropolitan area.

Statistical data collected by the D.C. Government ignores, or simply does not bother to include the Hispanic community, even though our population grew over 65 percent from 1960 to 1970.[2]

However, in order to present the most accurate portrait possible, we have drawn 1970 census date from census tract 2, 27, 39, and 40 (the Mt. Pleasant/Adams Morgan area) where one of the largest concentrations of Hispanic residents may be found. We also used data from the latest and most comprehensive studies done about the Hispanic community so far.[3]

STATEMENT OF NEEDS

According to studies done by the U.S. Congress, the unemployment of non-while Americans is the result of a number of reasons: ". . . discrimination, education attainment and achievement and the market situation. . . ."[4]

In the Washington, D.C. Hispanic community these factors are very much a reality. According to the 1970 census, 23 percent of all D.C. Hispanics have completed high school. In census tracts 38, 39, and 40, the figures for non-completion of secondary-level education were 70 percent for Hispanics and 57 for blacks. Furthermore, in 1970 13.5 percent of all D.C. Hispanics were living under poverty level, as compared to 12 percent nationwide. Despite the considerable number of Hispanics living in poverty, only 3.8 percent were receiving any type of public assistance, including unemployment benefits.

The 1970 census findings indicated that the unemployment for D.C. Hispanics was 18 percent. In 1971, the D.C. Manpower Administration conducted a study on Hispanic employment-related problems. The D.C.M.A. summarized its findings by reporting that the Hispanics often have to accept jobs below the minimum wage level, hold two or three jobs currently, take positions below their level training, cannot up-grade their qualifications for lack of time, energy or opportunity for advanced training, and are often victims of exploitation and discrimination by their employers.

This data appears to be confirmed years later when the D.C. Washington Urban League conducted a city-wide survey.[5]

According to SOS '76, stable jobs at fair wages is fundamentally a Hispanic problem. The survey concluded that "Latinos were more likely than blacks to be unemployed because of layoffs and budget cutbacks." That is 48 percent of latinos were unemployed because of layoffs compared to 28 percent of blacks; 8.3 percent of the Hispanic population interviewed said they could not find jobs because they ack training and experience; 79 percent of the Hispanics felt that they needed job training; 71 percent said they had not received job training in the past. Only 15 percent of the unemployed were receiving jobless benefits; 83 percent of those interviewed were not eligible for unemployment benefits; 65 percent have been to the D.C. Employment Office but 94 felt that they were not being helped to find jobs.

For 55 percent of those Hispanics interviewed, who had jobs, stated that there were no other household members at work and about 85 percent of them said that they have to have more than one job to make ends meet.

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[1] "Counting the Forgotten", U.S. Commission on Civil Rights, April 1974.

[2] Data on the Hispanic community is not provided in such District publications as: "Selected Demographic Characteristics of D.C.," D.C. Office of Planning and Management, November 1971; "Demographic-Social and Health Characteristics," D.H.R., 1976; "Estimates Population-Census Tract Supplement," Municipal Planning Office, 1973–74; "The People of D.C.," Municipal Planning Office 1973; The District's latest publication, "1985, A Look Ahead Population Forecasts," Municipal Planning Office, 1976, also ignores the Hispanic community.

[3] "SOS 1976," Washington Urban League, 1976 and the Adams Morgan Mt. Pleasent Hispanic Survey, 1979.

[4] "The Unemployment of Non-White Americans," U.S. Congress 1976.

[5] "SOS '76," Survey conducted by the Washington D.C. Urban League.

Furthermore, according to a 1979 survey titled the housing and demographic characteristics of the Adams Morgan/Mt. Pleasant planning area and socio-economic characteristics of its Latino community prepared for the Office of Latino Affairs and the D.C. Hispanic community is as high as 16 percent, twice of that of the City as a whole. Over 90 percent of those unemployed are not receiving unemployment benefits; Hispanics families have a larger median size family than the rest of the community and earn 51 percent less than its white counterparts; of all Hispanics interviewed about 50 percent of them do not speak English well or none at all.

The foregoing limited data should give you an idea of the unemployment problem facing the D.C. Hispanic community. In various occasions we contrasted black-hispanics data to further project the accurateness of the problem for if the unemployment problem within the D.C. black community is without question of crisis proportion so is that of the Hispanic community.

The D.C. Hispanic community has brought this problem to the attention of the city administration and the D.C. employment services department in several occasions. However, the city has failed to effectively deal with the problem.

LOCAL GOVERNMENT

The D.C. Department of Employment Services does not have the slightest notion about what should be done about Hispanic worker exploitation, the unemployment and gross under-employment. Of over 1,300 employees, this department only has seven Hispanic employees. The department lacks a program or policy attempting to address this problem.

However, the lack of policies and programs addressing the problem of unemployment, among Hispanics is not a problem unique of D.C. Department of Employment. The overall government of the District of Columbia has failed to be an equal opportunity employer.

On August 1971, former Mayor Washington committed the District of Columbia into a program designed to increase the number of Hispanics employed by the city government. At that time, according to the 1971 staffing report, Hispanics comprised only 0.6 percent of the total district government workforce. Today, 9 years later of the establishment of the program, Hispanics constitute only 0.5 percent of over 40,000 employees comprising the city's workforce.

Thus, it is our contention the Hispanic worker cannot get jobs within the D.C. government and they are the first victims of layoffs and cutbacks in the private sector. As a result, a great number of Hispanics are unemployed and underemployed.

In view of the seriousness of this problem, we have categorically asked that at least the following corrective measures be undertaken by the responsible authorities of the city:

(1) D.C. DOL should fund a four year comprehensive bilingual bicultural employment and training center for Hispanics.

(2) DOL should recruit and hire bilingual bicultural staff to serve the total population but available to service Hispanics seeking jobless benefits and employment.

(3) DOL should hire Hispanics in top decision-making positions.

(4) DOL should initiate a survey to ascertain the unemployment problem of D.C. Hispanic community.

(5) The Office of Human Rights should hire a top Hispanic equal opportunity officer who will bring all heads of departments and agencies into compliance with the Equal Opportunities Act.

At present, the Hispanic Council is seriously looking into the legal resources available to our people, since the D.C. Employment Services Department have made no serious attempt to solve the issue of unemployment among Hispanics.

FEDERAL GOVERNMENT

Our community has and will continue to search for alternatives and solutions to all of our problems including unemployment which is considered by our community as one of the three major problems we have next to housing and immigration.

The Hispanic Council with its small staff has searched for monies within different Federal government agencies. In dealing with the Federal Department of Labor we are confronted with the frustrating exercise that the most available resources and programs for which we, as a community could apply for, are being contracted out by the D.C. Employment Services Department which serve as prime sponsor for all the comprehensive employment training act programs. In the area of special projects the Federal government is more interested in approaches of national scope, although D.C. is unique in its political structure and demographic composition, very little has been done to make D.C. a testing center for pilot projects and new ideas. In the case of the Department of Health and Human Services, we are confronted with the same situation as with the Labor Department.

The Health and Human Services of the Federal government has initiated what they call a Hispanic access initiative project. The project consist in ascertaining the access Hispanics are having to social services available within those communities, containing more than 250,000 Hispanics.

Again, although the metropolitan Washington area has for a long time been considered as a regional planning area with a council of governors comprising the jurisdictions of Maryland, Virginia and D.C.; and although the local communities and governments estimates, puts the Hispanic population well over the 200,000, the ever growing Hispanic community of the metropolitan Washington will not be able to benefit from this need assessment effort, due to some technicalities. Thus, it can be concluded that very few Federal resources are being applied to the solution of local problems. The local government has done little or nothing about those problems.

In the occasions in which some resources are identified, the response of the Federal government to financial requests is always in this proportion to the needs being addressed.

All in all, the Hispanic Council and its members agencies are confronted with the task of helping solve major problems in the area of housing, employment, education, immigration, social services, health and others with very few local resources and almost none from the Federal government.

The proposed cuts in Federal programs will make our community efforts more difficult because the District Government will have less resources on top of its present financial problems.

Thus, our community will receive less in the way of services and programs.

We trust that Congress will avoid punishing the needy blacks, Hispanics, and white families of our cities and that creative solution will be found to the problems of the inner city. We believe that more help should be made available to community based organizations (CBO) such as our Hispanic Council which is comprised by 21 community agencies and programs.

Let me end by saying that Hispanics want just about what any other person wants: A job, respect and a fair opportunity in the community. The well being of our people is a question of civil and human rights. We trust that those who are responsible and concerned will help us better the life of our people.

Thank you.

STATEMENT OF ALBERTO GOMEZ

HOUSING PROBLEM

Mr. GOMEZ. As chairman of the Housing Committee of the Council of Hispanic Community and Agencies, I come before you to offer several important points for you to consider and act upon as the overall housing situation in the District of Columbia has reached crisis proportions. I am more concerned with solutions than the problem itself. But I feel decent, safe, and affordable housing as a goal is the dream of all Americans. It is also just that it be the dream of all Latinos in the District of Columbia.

There are several ways to tackle the housing problem—the obvious ones are subsidies, new housing stock, and homeownership. I will be elaborating on the different ways I feel subsidies, new housing, and homeownership can be solutions to the problem we have. I have been involved in the housing struggle for 6 years now in these areas, and working with housing councils full time gives me an opportunity to get deeply into the grassroots suffering of renters, homeowners, and everybody else who is not yet a renter or homeowner.

There are not enough apartment buildings in the District of Columbia participating in the public housing programs, and the Office of Property Management can attest to this—the backlog is about 4 years; which means that people applying today may be called in 1983 if they are lucky. As I go on talking about dates, I feel that dates such as 1977 and 1976—and probably 1975 and 1976 are still very current. Only the problems remain the same in some places, but in many other areas they have increased; 1980 may be a very crucial point as to what many people may be deciding in the next few days, I would even say months. Because at this time, Adams-Morgan has really changed. Section 8 is also in a jam. Washington, D.C., with a population of 700,000, receives 570 slots under the section 8 existing program. There are several kinds of section 8, but this one only gets 570 slots in the District of Columbia. For the purpose of giving an idea of the disproportion in the distribution of the section 8 allocations of slots, the city of Alexandria with a population of 118,000 receives 150 slots on the first fiscal year 1977, and this is an increase of 50 more for fiscal year 1978.

At this proportion, if 100 slots per thousand were allocated, Washington, D.C., should receive 1,050 slots.

The section 8 office does not have data as to how many Latinos have been given certificates, and if they have been given certificates, how many have been able to find adequate apartments.

We will also be touching on the point of language disadvantage, as people do not or could not express their basic needs as to the health problem and the housing problem. Many people do not know how to apply for an apartment, to ask for an application to apply for an apartment.

WHO WERE THE POTENTIAL LOSERS IN THE STRUGGLE

In order to identify the population who was most likely to be displaced by the rehabilitation/gentrification process in the designated HCS area, between 1970 and 1977, we used demographic data from the 1970 census. We found that the census tracts comprising this contained a higher percentage of low-income families, blacks, Hispanics, the elderly, female-headed families, and renters, than did the city as a whole.

Unless counseled and organized, many of these people are unable to resist the forces that lead to their displacement.

As we talk about Hispanics, I follow the guidelines of Congressman Garcia from New York. He said there should be in the agencies no more Puerto Ricans, South Americans, but Hispanics. Among ourselves we can tell the difference, but when it comes to the Federal Government, I do not think they can tell the difference between Cubans and Hispanics.

LOW-INCOME FAMILIES

One of the major findings of the Urban Coalition study was:

> In nearly all the neighborhoods surveyed, housing rehabilitation brought with it a group of residents with different characteristics from those of the original residents. They were almost always wealthier, and this difference in income is the fundamental dynamic in the set of circumstances contributing to displacement.

To measure the percentage of the population who were low income in 1970, we used the percentage of families whose income was less than the HUD section 8 levels for low- to moderate-income families.

As can be seen from table 1, over half the families in the HCS area fell below this low-income criteria. In the Shaw area—census tracts 47, 48, 2, 49, 2—the income of 7 out of 10 families was low income by the HUD standards.

BLACKS AND HISPANICS

According to the Urban Coalition report:

> Where socioeconomic differences coincide with racial or ethnic differences, whites replace less affluent black or Hispanic Americans.

We have already seen the high proportion of low-income people who lived in the HCS area in 1970. In 1970, this area also contained a higher percent of black residents than did the city as a whole—82 percent as compared to 71 percent—as well as the city's major Hispanic neighborhoods in Adams-Morgan and Mount Pleasant.

THE ELDERLY

According to the Urban Coalition report:

> Almost 80 percent of the neighborhoods reporting elderly residents indicated a decline in their numbers after rehabilitation * * * whether they are homeowners or renters they often are not able to cope with rapid increase in housing costs.

As can be seen from table 1, the HCS area had a slightly higher percentage of people age 65 and over in 1970 than did the city as a whole. Several census tracts within this area contained geriatric ghettos, meaning concentrations of older people. Census tracts 30, 30, and 43 in Columbia Heights, Adams-Morgan, and Dupont North had the older, moderate-rent multifamily buildings inhabited by elderly renters. Two of these tracts—40 and 43—had more than twice the elderly population than did the city as a whole.

RENTERS

The Urban Coalition study shows that as neighborhoods are rehabilitated, renters are displaced as multifamily dwellings are renovated for single-family use or sold as cooperatives and condominiums. We are concerned with the older council agencies, most housing counseling services most Hispanics come to look for assistance, especially counseling. There are many, many problems, a little bit different and that aggravate the problems more than I would say, those of any other regular white or black elderly person. We serve mostly blacks, but we do have a lot of whites coming in.

Besides being difficult for them to locate any place, a room, boarding house, or an apartment in any building, they, of course, do not know anything about section 202/8 that they may be able to use and none of the other sections they may have been able to use before such as 236 or 235, and, by the way, 235 is not functioning in this town.

In 1970, the District of Columbia was a city of renters. Almost 72 percent of the housing stock was rental housing.

During this same year, over 80 percent of the housing stock in the HCS area were rental units. While several tracts in Bloomingdale, Ekington, Brookland, and Edgewood—33.1, 33.2, 92 and 93—had a higher percentage of homeowners than did the city as a whole, in tracts in Adams-Morgan, Columbia Heights, Logan Circle, and Shaw more than 90 percent of all units were rental.

FEMALE-HEADED FAMILIES

While female-headed households have not been singled out in displacement studies as a group severely affected by gentrification as will be seen later in this report, the percentage of female-headed households in a census tract is significantly correlated with displacement.

This finding should not be surprising considering that female-headed families are likely to be black, low income and a renter population.

According to a recent HUD study, female-headed households must spend higher percentages of their lower incomes for older, less-well-maintained housing than the population as a whole. Close to 90 percent in housing counseling services are women, and a lot of them, about 60 percent, would be heads of household.

As can be seen from table 1, the HCS area had a higher percentage of female-headed families than did the District as a whole. In 1970, about 25 percent of all District families were female headed. In this same year, in tracts in Le Droit Park, and Shaw, close to 40 percent of all families were female headed.

In sum, the elderly, low-income blacks, Hispanics, and female-headed families unless counseled and organized are not prepared to effectively resist displacement when gentrification begins.

We have had a very hard time with the city and the Federal Government with allocation of funds for counseling which is the only viable alternative. When there is not enough housing you must know how what is available can be found.

There are examples of places that have been occupied without properly educating prospective tenants and those places have been half destroyed.

There is a place in New York—named after a saint—with 1,200 units that were destroyed in less than 8 months. Everybody was taken out and then anybody who wanted to apply had to go through counseling sessions and be certified to be a renter.

Many people at that time did not know the real obligations or duties of tenants.

Today the building is a success. Everybody is taking care of the place. Everybody was counseled.

As we will see in the next section, this gentrification process is increasing at a rate beyond the resources of many long-time residents of revitalizing neighborhoods. The rate of the process makes a gentrification seem like a natural disaster rather than a man-made social and economic process.

CONDO CONVERSIONS

A recent Washington Post article proclaims that 1978 "* * * is turning into the year in which condominiums have finally arrived, not only as housing, but an investment in real estate in major urban markets around the country."

I have a big file of newspaper articles for telling things to happen. I have seen the same articles this year. In other words, it is repeating and repeating itself all the time.

In the District, condominium conversion has been used by real estate investors to increase profits in the face of rent control regulation. Much of this condo conversion has occurred in HCS tracts north of Dupont Circle, in Adams-Morgan and Mount Pleasant.

While the number of condo conversion permits issued in the city as a whole between 1976 and the first half of 1978 increased by almost 400 percent, the increase in the HCS area was over 1,000 percent.

HOUSING DISPLACEMENT

The displaced or "new urban nomads" are the losers in the struggle for the city's housing stock, the low-income black, elderly, and female-headed households have few weapons to successfully fight the rehabilitation/gentrification of their homes and neighborhoods.

According to an advertisement for the District in a recent issue of Time magazine, the new Barry administration states that, "In 1977, some 7,000 people left the District because of housing displacement." It is not clear where this figure came from or how reliable an estimate it is. Leaving the city may be the final step in the displacement process.

Many people double up, two or three families move into a unit. Of course, that is against regulations in the District of Columbia but overcrowding is a very common practice because there is no place to go.

There is some evidence that people displaced from their homes attempt to stay in the same neighborhoods, moving to even less attractive dwellings or doubling up with friends and relatives in even more crowded housing.

Given this evidence, this study examines several measures of the displacement, including evictions, notices to vacate for economic reasons, decline in the housing stock and population decline.

EVICTIONS

Those renters who are actually evicted from their homes by the U.S. Marshal's Office represent only a small portion of those who are displaced because of their inability to pay the rent.

Many people leave before they get evicted. It is a very shameful thing. People don't like to lose things when they are put out in the street.

In 1977, of 34,567 writs issued by the Landlord-Tenant court, only 2,531 resulted in belongings placed on the street by the Marshal's Office. Many of the remaining potential evictees undoubtedly left in the night before the actual eviction took place.

In 1977, in the city as a whole, approximately 1.3 percent of all renters suffered the indignity of having their belongings placed on the streets. In the HCS area the eviction rate was slightly higher, 1.6 percent.

As can be seen from table 3, there was a slight decrease in the number of evictions carried out between 1970 and 1977 in the city as a whole. During this same period, half of the HCS tracts showed an increase, that is, again, Mount Pleasant, Adams-Morgan or Northwest 1.

The greatest increases in evictions were in census tract 39 in Adams-Morgan and census tract 44 bordering Logan Circle, both areas with heavy gentrification.

NEW HOUSING STOCK

The new Director of the District of Columbia Department of Housing and Community Development has expressed his plans of removing the boards off the houses and building as a means of creating new housing stock.

I believe this to be an exellent sign of positive change is also hope that Latinos will have a fair share of the rehabilitated housing inventory.

The only problem we have is the community is being moved out of the neighborhood and that is not happening only in Washington, D.C., but I guess notices from many other cities where the same thing is happening.

In the Hispanic community, besides the time one spends in the neighborhood there are many other things that enter into play like the stores where they speak Spanish, where they buy their food, the restaurants, the churches.

I even have arguments with tenants who say they don't want to go to the United States yet; they want to stay in Adams-Morgan. They can go and work in the United States, downtown, and come back to Latin America where Spanish is spoken and people eat the same and listen to the same music.

HOUSING FINANCE AGENCY

Relatively new legislation passed in the District of Columbia increased the instrument that was so badly needed to alleviate the intricate housing problems.

The District of Columbia Housing Finance Agency Act (2-291) of November 1978 may be the answer to the alternative of homeownership and we Latinos want to have a direct impact as members of the board of directors and advisory boards as we are entitled by law as stipulated in the District of Columbia Law 1-86 and as mandated in the Housing Finance Agency Act of the District of Columbia.

I don't know what is happening with the Housing Finance Agency at this time. Nothing much has happened.

As we get an education for the labor market, renters and homeowners must be offered the education necessary in order to become better renters and better homeowners.

The new administration must support the idea that DCCD should continue to fund and expand the housing counseling program to meet the housing needs of the city's Hispanic residents and newcomers which would: (1) assist in locating housing; (2) maintain current information on available rental housing in the city and other housing programs that can benefit the communities; (3) educate Hispanics on their rights, the Code, and housing standards in the District of Columbia and areas of consumer concerns; (4) assist Hispanic families interested in becoming homeowners and/or any related areas; and (5) assist Hispanics in learning how to use present services and programs offered by DHCD.

HISPANIC COUNSELING CENTERS

During the time of testimony for the community development program, the Department filed a petition for $350,000 to be allocated for counseling centers in the city. We would like to see that a fair proportion is allocated to help Hispanics specifically, because of the four housing and counseling services centers in the city, there is only one that has two bilingual counselors.

So out of four centers, one of the two counselors is actually not there most of the time and is trying to do training so there is only one functioning housing counselor.

In the economic aspect we realize that economic growth is paramount to the solution of housing and social problems. Sometimes for understandable reasons. Sometimes we think there is a lack of understanding or probably not an appreciation that Hispanics can take the initiative in economic development.

The changes we are experiencing in our community do not have the guidance of the District of Columbia government. The let them do it and hands off attitude which has characterized the local government has to come to an end.

We do not want handouts and tokenism, but participation on District of Columbia decisions on policies and growth for our community.

The strategy to expand the economic base is to maximize resources of the Latinos via shops and businesses in general with the establishment of a community development corporation, that really takes into account the needs of the Hispanics.

When we presented one proposal we were presented with another that Spanish could be a subcomponent. You have three components and you can be component A-1 or B-1 or C-1. We don't want to be subcomponents, we want to be major components.

This is feasible since we are close to four major hotels and in a strategic position within District of Columbia.

The District of Columbia government cannot provide all the housing needed, but the government can provide funds for us to plan the growth in the area together with other residents. We want a road map to avoid displacement and to expand our economic base.

TOURISTS

Washington, D.C., is a city of visitors. According to the Hotel Association of Washington, the National Park Services, and the District of Columbia Bicentennial Commission, 12 million visitors come to Washington every year. They come to stay 4.2 days but after visiting the White House and some museums they leave at the end of 2.8 days. The District of Columbia loses 1.[illegible] tourist day times 12 million, that is to say, 16.8 million days a year.

We won't get it all in our community but we can certainly use the benefits of the employment and economic strength that may result.

The CDC proposal is just that—but the one we have right now is the one where Hispanics would be a subcomponent—a way for us to determine what we want, need, and demand.

It will be a beginning of a new era of cooperation between the city's administration, a new City Council, and the Latino community which has been subjected to so much discrimination in the past.

What we want is fair.

What we ask is just.

What we envision is the seed which will represent unquantifiable benefits to the city by resolving housing problems upgrading the economy of the area; and above all, soften the resentment we Latinos have about the way our Government behaves toward us. The time is for immediate action, not for promises, and for that we will make a lot of people accountable, specifically the Congress.

Our experience in the community is that our agency, which offers most of the housing information assistance in the area, does not receive adequate funding geared toward offering this valuable service to the Hispanic community.

The city does not seem to take into consideration the difficulties of serving a multicultural/bilingual community. The agency does not have enough space and cannot afford any more.

Being an HUD-approved counseling agency, the best we can say is that our funding is minimal coming from the city with provisions of zero dollars for Hispanics; nothing for training.

The city in its proposal has requested $315 million for counseling; the Council of Hispanic Community and Agencies and Housing Counseling Services, Inc., hope that Hispanics will be kept in mind.

Otherwise, we will continue to see the community come out of the neighborhood for the lack of proper assistance. This is a good opportunity to say that like in other areas of the Nation, housing projects are far off and away from the neighborhoods in which people live.

Frankly, to say that cuts will affect our level of services in the community is like worrying about the future death of the chicken of the golden eggs before it is even born. We worry about not having. We have had nothing much. Hopefully, we will be able to drop the "nothing" and exchange the lonely "much" for something.

Thank you very much for your kind attention.

[The prepared statement of Mr. Gomez follows:]

STATEMENT OF ALBERTO GOMEZ, ON BEHALF OF THE COUNCIL OF HISPANIC COMMUNITY AND AGENCIES

D.C. HISPANICS AND THE HOUSING PROBLEM

As chairman of the Housing Committee of the Council of Hispanic Community and Agencies, I come before you to offer several important points for you to consider and act upon.

HOUSING PROBLEMS

The over-all housing situation in the District of Columbia has reached crisis proportions. Decent, safe, and affordable housing as a goal is the dream of all Americans. It is also just that it be the dream of all Latinos in the District of Columbia.

There are several ways to tackle the housing problem—the obvious ones are subsidies, new housing stock and homeownership.

There are not enough apartment buildings in the District of Columbia participating in the public housing programs and the Office of Property Management can attest to this—the back log is of about 4 years; which means that people applying today may be called in 1983 if they are lucky. Section 8 is also in a jam. Washington, D.C. with a population of 700,000 receives 570 slots under the section 8 existing program. For the purpose of giving an idea of the disproportion in the distribution of the section 8 allocations of slots, the city of Alexandria with a population of

118,000 receives 150 slots on the first fiscal year 1977 and this is an increase of 50 more for fiscal year 1978.

At this proportion, if one hundred slots per thousand were allocated, Washington, D.C. should receive 1,050 slots.

The section 8 office does not have data as to how many Latinos have been given certificates and if they have been given certificates, how many have been able to find adequate apartments.

WHO WERE THE POTENTIAL LOSERS IN THE STRUGGLE?

In order to identify the population who was most likely to be displaced by the rehabilitation/gentrification process in the designated HCS area, between 1970 and 1977, we used demographic data from the 1970 census. We found that the census tracts comprising this contained a higher percentage of low income families, blacks, Hispanics, the elderly, female headed families and renters, than did the city as a whole.

Unless counseled and organized many of these people are unable to resist the forces that lead to their displacement.

LOW-INCOME FAMILIES

One of the major findings of the urban coalition study, was "in nearly all the neighborhoods surveyed, housing rehabilitation brought with it a group of residents with different characteristics from those of the original residents. They were almost always wealthier and this difference in income is the fundamental dynamics in the set of circumstances contributing to displacement."

To measure the percentage of the population who were low income in 1970, we used the percentage of families whose income was less than the HUD section 8 levels for low- to moderate-income families.

As can be seen from table 1, over half the families in the HCS area fell below this low income criteria. In the Shaw area (census tracts 47, 48, 2, 49, 2), the income of seven out of ten families were low income by the HUD standards.

BLACKS AND HISPANICS

According to the Urban Coalition report, "Where socioeconomic differences coincide with racial or ethnic differences whites replace less affluent black or Hispanic Americans."

We have already seen the high proportion of low income people who lived in the HCS area in 1970. In 1970, this area also contained a higher percentage of black residents than did the city as a whole (82 percent as compared to 71 percent) as well as the city's major Hispanic neighborhoods in Adams-Morgan and Mount Pleasant. [1]

THE ELDERLY

According to the Urban Coalition report, "Almost 80 percent of the neighborhoods reporting elderldy residents indicated a decline in their numbers after rehabilitation . . . whether they are homeowners or renters they often are not able to cope with rapid increase in housing costs."

As can be seen from table 1, the HCS area had a slightly higher percentage of people, age 65 and over in 1970 than did the city as a whole. Several census tracts within this area contained geriatric ghettos. Census tracts 30, 30, and 43 in Columbia Heights, Adams Morgan and DuPont North had the older, moderate rent multifamily buildings inhabited by elderly renters. Two of these tracts (40 and 43) had more than twice the elderly population than did the city as a whole.

RENTERS

The Urban Coalition study shows that as neighborhoods are rehabilitated, renters are displaced as multi-family dwellings are renovated for single family use or sold as cooperatives and condominiums.

In 1970, the District of Columbia was a city of renters. Almost 72 percent of the housing stock was rental housing. During this same year, over 80 percent of the housing stock in the HCS area were rental units. While several tracts in Bloomingdale, Ekington, Brookland and Edgewood (33.1, 33.2, 92 and 93) had a higher percentage of home-owners than did the city as a whole, in tracts in Adams-Morgan,

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[1] Source: Home Counseling Needs in the North Central Area of Washington, D.C.—by Housing Counseling Services, Inc. March 1979.

Columbia Heights, Logan Circle and Shaw more than 90 percent of all units were rental.

FEMALE HEADED FAMILIES

While female headed households have not been singled out in displacement studies as a group severely affected by gentrification as will be seen later in this report, the percentage of female headed households in a census tract is significantly correlated with displacement. This finding should not be surprising considering that female headed families are likely to be black, low income and a renter population. According to a recent HUD study, female headed households must spend higher percentages of their lower incomes for older, less well maintained housing than the population as a whole.

As can be seen from table 1, the HCS area had a higher percentage of female headed families than did the District as a whole. In 1970, about 25 percent of all District families were female headed. In this same year, in tracts in Le Droit Park, and Shaw, close to 40 percent of all families were female-headed.

In sum, the elderly, low income blacks, Hispanics and female headed families unless counseled and organized are not prepared to effectively resist displacement when gentrification begins.

As we will see in the next section, this gentrification process is increasing at a rate beyond the resources of many long time residents of "revitalizing neighborhoods." The rate of the process makes a gentrification seem like a natural disaster rather than a man-made social and economic process.

CONDO CONVERSIONS

A recent Washington Post article proclaims that 1978 ". . . is turning into the year in which condominiums have finally arrived, not only as housing, but an investment real estate in major urban markets around the country."

In the District, condominium conversion has been used by real estate investors to increase profits in the face of rent control regulation. Much of this condo conversion has occurred in HCS tracts north of Dupont Circle, in Adams-Morgan and Mount Pleasant.

While the number of condo conversion permits issued in the city as a whole between 1976 and the first half of 1978 increased by almost 400 percent, the increase in the HCS area was over 1,000 percent.

HOW MUCH DISPLACEMENT HAS OCCURRED?

The displaced or "new urban nomads" are the losers in the struggle for the city's housing stock, the low income black, elderly, and female headed households have few weapons to successfully fight the rehabilitation/gentrification of their homes and neighborhoods.

According to an advertisement for the District in a recent issue of Time Magazine, the new Barry administration states that, "in 1977 some 7,000 people left the District because of housing displacement." It is not clear where this figure came from, or how reliable an estimate it is. Leaving the city may be the final step in the displacement process. There is some evidence that people displaced from their homes attempt to stay in the same neighborhoods, moving to even less attractive dwellings or doubling up with friends and relatives in even more crowded housing.

Given this evidence, this study examines several measures of the displacement including evictions, notices to vacate for economic reasons, decline in the housing stock and population decline.

EVICTIONS

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The greatest increases in evictions were in census tract 39 in Adams-Morgan and and census tract 44 bordering Logal Circle, both areas with heavy gentrification.

SOME SOLUTIONS

New housing stock

The new director of the D.C. Department of Housing and Community Development has expressed his plans of removing the boards off the houses and building as a means of creating new housing stock. I believe this to be an excellent sign of positive change. Is also hoped that latinos will have a fair share of the rehabilitated housing inventory.

Housing Finance Agency

Relatively new legislation passed in the District of Columbia creased the instrument that was so badly needed to alleviate the housing intricate problems. The District of Columbia Housing Finance Agency Act (2-291) of November 1978 may be the answer to the alternative of home ownership and we latinos want to have a direct impact as members of the board of directors and advisory boards as we are entitled by law as stipulated in D.C. Law 1-86 and as mandated in the Housing Finance Agency Act of the District of Columbia.

As we get an education for the labor market, renters and homeowners must be offered the education necessary in order to become better renters and better homeowners.

The new administration must support the idea that D.C.C.D. should continue to fund and expand the housing counseling program to meet the housing needs of the city's Hispanic residents and newcomers which would:

(a) Assist in locating housing;

(b) Maintain current information on available rental housing in the city and other housing programs that can benefit the communities;

(c) Educate hispanics on their rights, the code and housing standards in D.C. and areas of consumer concerns;

(d) Assist hispanic families interested in becoming homeowners and/or any related areas;

(e) Assist hispanics in learning how to use present services and programs offered by D.H.C.D.

In the economic aspect we realize that economic growth is paramount to the solution of housing and social problems.

The changes we are experiencing in our community do not have the guidance of the D.C. government. The "let them do it" and "hands-off" attitude which has characterized the local government has to come to an end.

We do not want hand-outs and tokenism, but participation on D.C. decision on policies and growth for our community.

The strategy to expand the economic base is to maximize resources of the latinos via shops and businesses in general with the establishment of a community development corporation.

This is feasible since we are close to four major hotels and in a strategic position within D.C.

The D.C. government cannot provide all the housing needed, but the government can provide funds for us to plan the growth in the area together with other residents. We want a "road map" to avoid displacement and to expand our economic base.

Washington, D.C. is a city of visitors, according to the Hotel Association of Washington, the National Park Services, and the D.C. Bicentennial Commission, 12 million visitors come to Washington every year. They come to stay 4.2 days, but after visiting the White House and some museums they leave at the end of 2.8 days. D.C. loses 1.4 tourist day times 12 million that is to say 16.8 million days a year.

We won't get it all in our community but we can certainly use the benefits of the employment and economic strength that may result.

The CDC proposal is just that: A way for us to determine what we want, need and demand. It will be the beginning of a new era of cooperation between the city's administration, a new city council and the latino community which has been subjected to so much discrimination in the past.

What we want is fair.
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What we envision is the seed which will represent unquantifiable benefits to the city by resolving housing problems upgrading the economy of the area; and above all soften the resentment we latinos have about the way our government behaves towards. us. The time is for immediate action not for promises and for that we will make you accountable.

Our experience in the community that our agency (which offers most of the housing information assistance in the area) does not receive adequate funding geared toward offering this valuable service to the hispanic community. The city does not seem to take into consideration the difficulties of serving a multicultural/bilingual community. The agency does not have enough space and cannot afford anymore.

Being an HUD approved counseling agency, the best we can say is that our funding is minimal coming from the city with provisions of zero dollars for hispanics; nothing for training. The city in its CDBC-6 proposal has requested $315 million for counseling; the council of hispanic community and agencies and Housing Counseling Services, Inc. hope that hispanics will be kept in mind. Otherwise we will continue to see the community come out of the neighborhood for the lack of proper assistance. This is a good opportunity to say that like in other areas of the Nation, housing projects are far off and away from the neighborhoods in which people live.

Frankly, to say that cuts will affect our level of services in the community is like worrying about the future death of the chicken of the golden eggs before it is even born. We worry about not having. We have had nothing much. Hopefully we will be able to drop the "nothing" and exchange the lonely "much" for something.

Thank you very much for your kind attention.

TABLE 1.—THE PERCENTAGE OF THE POPULATION IN DANGER OF BEING DISPLACED IN 1970 BY CENSUS TRACT

Census tract	In percent				
	Families with incomes below HUD guides	People over age 65	Black people	Female headed families	Renter occupied households
27.1	48.2	11.2	67.2	25.4	86.0
27.2	41.9	8.2	67.7	25.1	72.5
28	52.7	7.2	86.4	31.2	89.4
29	50.3	0.4	96.8	31.0	69.7
30	70.0	9.5	95.0	32.0	86.1
33.1	42.7	10.3	97.0	28.3	53.5
33.2	41.8	10.5	99.0	34.3	60.2
34	64.0	10.3	97.0	39.7	80.5
36	72.2	0.8	98.3	31.5	88.5
37	55.9	4.5	93.9	31.2	92.9
38	64.3	9.1	75.9	27.9	92.8
39	46.0	13.1	54.4	24.3	85.1
40	36.0	17.3	32.2	22.6	89.0
42.1	58.5	9.2	84.0	29.7	91.9
43	50.6	19.1	82.8	34.3	89.7
44	58.7	10.1	98.2	34.2	82.9
45	60.6	10.9	99.5	32.0	70.7
46	66.7	9.2	98.9	37.7	79.2
47	71.5	7.2	95.2	39.5	73.1
48.2	78.8	9.7	99.3	37.2	87.3
49.2	69.[illegible]	8.9	92.4	29.7	91.5
52.1	50.4	10.7	53.4	24.2	96.0
87	43.1	7.0	98.5	30.0	63.5
92	32.1	10.4	73.7	22.4	66.1
93	29.0	10.8	84.3	23.4	47.4
HCS area	51.5	10.0	82.0	29.4	50.8
Total city	36.8	9.4	71.1	25.3	71.5

Source: U.S. Bureau of the Census, Census of Population and Housing 1970, Census Tracts, Final Reports, PHC (1)=226, Washington, D.C., Tables P-1, P-4, H-1.

TABLE 2.—THE ACTIVITY OF THE REAL ESTATE MARKET, 1970–77, BY CENSUS TRACT

Census tract	Sales price, 1970	In percent			Number of condo conversion permits first half	
		Increase in sales price, 1970–74	Increase in sales price, 1974–77	Increase in number of sales	1976	1978
27.1	$17,072	144.2	40.7	−6.7	0	0
27.2	19,231	74.2	106.6	58.5	0	88
28	17,276	35.6	53.1	96.3	0	31
29	12,929	59.0	36.0	57.9	0	0

TABLE 2.—THE ACTIVITY OF THE REAL ESTATE MARKET, 1970–77, BY CENSUS TRACT—Continued

Census tract	Sales price, 1970	In percent			Number of condo conversion permits first half	
		Increase in sales price, 1970–74	Increase in sales price, 1974–77	Increase in number of sales	1976	1978
30	15,258	28.8	47.0	76.9	0	0
33.1	13,282	48.8	62.3	42.1	0	0
33.2	12,916	25.4	74.9	74.3	0	0
34	10,585	52.7	33.3	63.6	0	0
36	17,292	19.3	75.0	147.6	0	0
37	14,602	55.8	16.7	141.7	0	405
38	11,534	100.0	43.8	150.0	14	32
39	24,642	64.5	50.8	471.4	10	211
40	33,501	71.7	47.3	43.8	0	120
42.1	15,378	107.3	90.7	440.0	0	0
43	16,058	51.9	60.3	313.3	0	0
44	11,425	40.5	31.0	646.2	45	3
45	10,870	68.2	38.6	281.8	0	0
46	10,102	27.1	70.1	93.9	0	0
47			92.1	600.0	0	0
48.2	5,500	235.3	9.1	2,533.0	0	0
49.2	34,641	−420	96.2	1,000.0	0	0
52.1	19,734	76.1	27.2	366.7	0	0
87	13,148	34.7	67.2	60.0	0	0
92	14,471	38.6	60.0	4.3	0	0
93	16,785	34.4	62.8	42.9	0	0
HCS area	15,493	76.4	25.0	111.5	69	890
Total city	26,025	54.6	50.9	42.5	1,083	2,323

Source: Sales and Sales Price Information Unpublished Data, D.C. Municipal Planning Office, Condo Conversion Permits, Unpublished Data, Rental Accommodations Office.

TABLE 3.—HOW MUCH DISPLACEMENT BETWEEN 1970–77, BY CENSUS TRACT

Census tract	Percent change in evictions 1970–77	Notice to vacate		In percent	
		1974	1977	Change in nonwhite population 1970–76	Change in housing units 1970–77
27.1	−3.1	0	5	33.3	−4.6
27.2	−2.0	3	76	7.5	
28	−9.9	0	7	−1.5	−2.8
29	23.8	0	5	−4.0	−5.3
30	−42.1	9	7	−9.7	−21.4
33.1	125.0	0	9		−7.1
33.2	100.0	2	3	3.7	−12.5
34	44.4	9	33	−5.8	−7.1
36	−2.1	1	2		−14.0
37	15.8	1	11	−10.8	−30.4
38	−42.3	0	2	−15.0	−20.0
39	143.9	2	51	−2.9	
40	19.0	2	21	−11.4	2.4
42.1	−23.1	19	38		
44	216.7	0	18	−2.8	−9.1
45	133.3	0	6		−7.7
46	44.4	2	24	−4.2	−37.5
47	6.3	6	2	−5.2	−17.7
48.2	−71.7	0	4	13.9	−6.8
49.2	−59.2	0	12		
52.1	−11.4	0	13		−7.7
87	−36.7	5	9		−2.9
92	18.8	1	1	−1.3	
93	−4.5	0	3	32.6	57.5

TABLE 3.—HOW MUCH DISPLACEMENT BETWEEN 1970–77, BY CENSUS TRACT—Continued

Census tract	Percent change in evictions 1970–77	Notice to vacate		In percent	
		1974	1977	Change in nonwhite population 1970–76	Change in housing units 1970–77
HCS area	−6.6	62	274		
Total city	−5.7	178	1,361	−2.5	−5.4
				−1.5	−.5

Sources: Evictions—Unpublished Data U.S. Marshalls Office; Notice to Vacate—Unpublished Data Had Non-white Population, 1976; Population Estimates, Washington, D.C., Municipal Planning Office, October 1978; Housing Units—1977 Housing Unit Estimates, Washington, D.C., Municipal Planning Office, October 1976.

The CHAIRMAN. I would like to thank you very much, Mr. Gomez, for your opening statement, and both you, Mr. Irene and Mr. Gomez, have given us very detailed and pointed testimony.

I just have a few questions I would like to raise with you.

HISPANICS' LACK OF TRAINING AND EXPERIENCE

First, Mr. Irene, in your statement you say that 83 percent of the Hispanic population interviewed said they could not find jobs because they lacked training and experience.

This was as a result of 1976 figures. In 1980, is this statement roughly the same?

Mr. IRENE. It appears to be the same. The studies are two different ones and, therefore, did not follow the same pattern of questions. However, based on the pattern that has been established throughout since 1970 and the surveys we have conducted in the community informally, it indicates that prevails as being the same.

BILINGUAL PROGRAMS

The CHAIRMAN. Language is one of the significant barriers to employment. The question I would raise is from your vantage point, are there any programs designed to address that particular problem in the District of Columbia?

Mr. IRENE. There are in existence two programs: elementary school that provides a bilingual program for children other than Hispanics and recently this past year, fiscal year 1980, we got a program in the community to provide assistance to youngsters that have problems wilth classes in high school and they wre integrated into the regular classes and were not in a bilingual setting.

About 50 to 65 students, not only Hispanics are trying to benefit from this pilot program.

The CHAIRMAN. You say 50 to 65 students?

Mr. IRENE. Yes. From 50 to 65 students. I believe that the total figure was 65 as the target and they were able to identify among those who wanted to integrate themselves into this new program, 50 students.

There are some blacks and Chinese students who felt the bilingual alternative high school was a better way of being able to go through high school, and we are hopeful that this pilot project will demonstrate that a bilingual setting is proper for those students who have linguistic limitations and they will be able to perform better and will be able to finish their high school.

The Chairman. Those are the only two language programs in the District of Columbia?

Mr. Irene. That is correct.

The Chairman. So that for adult Hispanics in this community there is no bilingual educational program, designed to be coupled with vocational training?

Mr. Irene. There is one English as a second language program for adult Hispanics. The classes in those programs where we have some of our members—the Gala program for Hispanics, and one at our Catholic Center—they try to provide as many people as they can GD and other adult education training, but it is very limited because of the funding sources.

The Chairman. Approximately how many people does this program serve?

Mr. Irene. In the Gala program there may be a thousand students.

The Chairman. Would all those thousand students be receiving bilingual?

Mr. Irene. It is not bilingual. I am trying to explain. It is an adult education which basically takes these children through to English classes and is oriented toward non-English-speaking but it is not bilingual. Bilingual education entails a different approach.

Mr. Gomez. It used to be called Americanization; now it is called English as a second language.

Mr. Irene. They are trained to learn survival skills, survival language, basically.

The Chairman. Do I hear you saying that this training should take place in a bilingual setting?

Mr. Irene. Yes, sir. I think that it should take place there and on a larger proportion than is being done right now. Right now the adult education programs in the District of Columbia schools were cut, I believe, over 20 percent because of the city's financial situation.

One of the programs that was cut was the Hispanic program. When the city cuts their budget, it cuts the budget across the board. We that have so little get nothing because if the program is funded at a small level, then they will cut it in half and what we have left is almost nothing.

HISPANICS IN THE DISTRICT

The Chairman. Do you have any figures on the number of Hispanic children who are in the District schools?

Mr. Irene. My knowledge is that the figures last year were over 2,000 Hispanics enrolled in the District of Columbia school system. That was provided to me a year ago by the person in charge of the Bilingual Division of the Public Schools of the District of Columbia.

The Chairman. You mentioned earlier in your testimony census data in 1970. I would like to ask you a couple questions with respect to the census data in 1980. Have you reviewed any of the preliminary data from the 1980 census on the growth of the Hispanic population in the District of Columbia?

Mr. Irene. Unfortunately, no. We have requested information in writing and by telephone to the District of Columbia full-time committee. We have been requesting that information for over a month and we have yet to receive an answer either in writing or by telephone.

The lack of sensitivity of the mechanisms set up has been great and there has been no response to our request.

The CHAIRMAN. So the great likelihood that the same undercount that you alluded to in 1970 would probably be the result in 1980?

Mr. IRENE. Probably so. Maybe larger, because while we were conducting the census count in the District of Columbia, and we have gone out to the community with a propaganda campaign trying to convince people to come out and be counted, the INS violated our agreement.

We were selling our basic argument that the Government was not going to prosecute; they were not going to be affected in any manner, and the Immigration Authorization Services conducted a raid in a house of a family where people were documented, who were arrested, taken downtown, handcuffed, and later on released. But in those days we were conducting immigration hearings and the whole community learned about it and the reaction we got afterward was as cold as ice by part of the community because they could not believe us, the leaders of the community, and they have never believed the Government.

So we feel that what would have been a partial success was doomed to fail because of a violation of an agreement between the Immigration Authorization Service and the Bureau of Census and the Department of Commerce.

The CHAIRMAN. When did this incident occur?

Mr. IRENE. This was in early June, the first week of June. We sent letters to our Acting Commissioner of Immigration requesting an immediate investigation. Two months later we got a letter telling us he was going to request an investigation of the issue.

We have attempted communication to obtain a followup but there has been no response.

DISTRICT CENSUS COUNT

The CHAIRMAN. Can you make an estimate with respect to the size of the undercount in the Hispanic community in Washington, D.C.?

Mr. IRENE. At least it will be the same as 1970. According to the figures at that time, and various documents, the black community—again, we were never estimated as Hispanics—the black community was estimated an undercount as 7.3 percent. I believe that will prevail in this census count, and based on the information we have in our agencies, we average about 2,000 clients a year and we have over 20 agencies, and based on our knowledge of the number of documented residents that we have, we estimate that maybe over 50 percent of the total community was not counted in this census.

The CHAIRMAN. I assume your organization participated in the census count or member organizations to the council?

Mr. IRENE. The Hispanic Council and its members took the initiative of trying to get our community to be counted. We were never officially contacted by the District of Columbia Census Office requesting our input or help in helping them set up the census operation within the Hispanic community.

We did try to get as much publicity out and we tried to have as many community hearings and workshops trying to inform people.

As you know, education is one thing, propaganda is another. You cannot convince people in 4 or 5 months they should go out there and allow themselves to be investigated or to be asked questions by individuals who are foreigners to them.

So we try what we call a propaganda campaign. We will never call it an education program. You cannot educate them by just putting out flyers in the community on something so foreign to them as the questions the Census was asking.

UNEMPLOYMENT BENEFITS

The **CHAIRMAN.** For the record, would you explain why so few of the respondents to the 1979 survey of the Hispanic community are receiving unemployment benefits?

Mr. **IRENE.** I believe that the major problem is that of lack of knowledge. According to the 1976 survey of the Washington Urban League, over 81 percent of the Hispanics interviewed at that time stated they didn't know where to go for services.

If I recall correctly, over 76 percent, according to the 1979 survey, indicated the same, that they didn't know where to go. Lack of knowledge by the community in helping to obtain the services.

Two, those who attempt to apply for services of the Department of Employment Services are discouraged by the language barrier as well as the lack of sensitivity on the part of the staff of the Employment Service of the District of Columbia.

As I stated earlier, of over 1,300 employees, only 7 employees are Spanish. A bilingual person is needed to help them to obtain those benefits.

Also, we believe it is due to the dependency of the extended family policy where the people rely on each other and the goodwill of the neighborhood for them to survive. That is very much of a practice among Hispanics.

In essence, the District of Columbia Government has not done much about it even though we have put before them the facts and we have requested them to fund some of our programs.

There is always some cut somewhere and we are the ones that get less of anything.

I simply believe it is pure discrimination.

The **CHAIRMAN.** Thank you very much.

I am going to yield momentarily to counsel to ask a few additional questions. I have an urgent matter to take care of and I will be right back.

COUNSELING NEEDS

Mr. **DAVIS.** Mr. Irene, would you tell us some of the special ways you have of getting to this large number of persons who are in need of the kind of counseling your organization offers, given the problems you have just cited with respect to the nonuse of services like your own?

Mr. **IRENE.** As you may know, all immigrants develop a culture, it is a network of communication within the community that is beyond our control and we try to at all times remain informed through the two newspapers we have in the community that come out on a monthly basis, through the churches and by word of mouth.

Our agencies do not have the capability of handling a major number of people. Most of our agencies' members have 50 percent of them that do not have full budget at the beginning of the fiscal year. Usually they begin with a partial budget.

We try to use as many mechanisms, basically personal contact, and knowledge of some of the people that there are some agencies available in the community and they are able to contact those people.

Mr. Davis. Is it this part of your program that you would consider most in need of direct aid from the city government?

Mr. Irene. Yes, sir. I do believe that the informational referral area, which has been one of the most lacking elements within the District of Columbia, would be one of the major areas the city should concentrate their efforts on trying to inform people of the availability of resources in order to resolve problems they may have.

Mr. Davis. But at present I understand you to be saying you receive no such aid, particularly in regard to your efforts to counsel people respecting employment? You don't get any assistance from the city's employment agency?

Mr. Irene. No. We have advocated and we have requested the city to initiate some programs but it seems we are not getting through.

We do advocate through the community and we try to maintain as much volunteer effort out there in attempting to inform the people of the services, but, again, if you go downtown, if you are able to communicate to a person that they are qualified to apply for unemployment benefits and they go downtown and they find that there is no receptiveness, there is nobody there that speaks their language, they find themselves in this foreign world—not only Hispanics but the District of Columbia Employment Services Department has lacked the sensitivity toward blacks and any other person—you will find the people will be discouraged and will not participate.

FEDERAL GRANTS

Mr. Davis. Have you attempted to try Federal grants for the same kind of service?

Mr. Irene. Yes, sir. But usually the answer we get is that the District of Columbia already received the moneys for the area and, therefore, we have to go through the District of Columbia Department of Employment Services and what they tell us is that basically the city is contracting out.

For instance, the CETA programs, the city is the prime sponsor for all these programs. They don't contract out to community agencies, community-based organizations that will have the capability and sensitivity to provide services at lower cost or with more effectiveness.

Mr. Davis. So the city, in this instance, is an intermediary between you and the Federal Government and you think your ability to attract the needed funds is short-circuited in that way?

Mr. IRENE. That is correct. We could do away with the District of Columbia Department of Employment Services and we will be better off if the community will have direct access to some of those major funding sources that come from the Department of Labor.

VOCATIONAL EDUCATION

Mr. DAVIS. I want to shift the topic a second. I would like to ask you about vocational education in particular and the integration of bilingual programs into the city's vocational education efforts or the lack thereof.

What has been your experience with the city's responsiveness when it comes to putting the bilingual education program into its vocational education efforts?

Mr. IRENE. Lack of sensitivity. The administrators of the program do not see the importance of it. As I was saying, last year for the first time we began the first program addressing youth from the age of 14 to 17 that were quitting high school, and probably can get some training or some career counseling that will put them back into high school so they can finish.

This program is a pilot project. This is not a permanent program.

Mr. DAVIS. Of all the problems you have cited, which I imagine are not only endemic to Washington but other major urban centers, from your knowledge, how would you compare the magnitude of these problems in the District of Columbia with the same in other major urban centers?

Mr. IRENE. I would say they are as acute or more acute as in other places.

The District of Columbia Hispanic community as opposed to other national Hispanic communities is a very unique one. We have representation from over 22 Hispanic countries. The closest community to our local community is that of San Francisco and it does not get close since the majority and the economic control of the city is controlled by the Chicano community.

In the District of Columbia most of the Hispanics come from South America, from rural areas, and they face the uniqueness in the employment market of the District of Columbia having a market oriented toward Government, therefore, they don't have the skills.

They find jobs mostly in the service areas. You will see Hispanic faces in restaurants serving as busboys and some of them work in the kitchens and in the hotel industry you will find a lot of Hispanics on those jobs.

Sometimes they will find jobs cleaning buildings at nighttime. I am sure you have seen a few of them on Capitol Hill as well as other buildings here.

Our community is unique in that it is not the kind of community you will find in New York or Chicago or Philadelphia or Los Angeles where a predominantly Hispanic group—Puerto Rican or Mexican—will have a dominant dynamic and will develop its political force and strength based on the homogeneity of that group.

In our community we are dealing with a very diverse group.

The CHAIRMAN. Does counsel for the minority have any questions?

Mr. STARKEY. No.

The CHAIRMAN. Thank you very much, Mr. Irene.

I would now like to raise a few questions with Mr. Gomez.

As I said earlier, I thought the testimony of both of you was outstanding in terms of the assessment of the problem and in terms of recommendation for the local as well as Federal Government.

We developed a few questions that I would like to ask you for the record just to expand.

FEDERAL FUNDING

Has your organization been involved in efforts to increase the Federal funding of section 8 or other HUD public housing programs?

Mr. GOMEZ. Yes. We have organized workshops, conferences, we have participated in some of them, too. We are members of other organizations like the National Low Income Housing Coalition. Not too long ago there were bills before Congress and we testified. It has been a constant struggle. Either the organization itself or through other organizations the National Federation of Housing Counselors has testified, and we are members of that; through many ways, yes.

The CHAIRMAN. I would like to ask you the same question I asked Mr. Davis earlier.

HOUSING FOR ELDERLY AND POOR

Do you find that HUD relocation and other programs support the displacement of the elderly and the poor?

Mr. GOMEZ. It is a little bit difficult. I would say, no, as long as there is housing, there is adequate housing, the housing response to the needs of the people would be a 202 building for the elderly or 236 for lower income people, 234 if it is a condominium, and 236 being co-ops; I would say anything that we can get along those lines is fine.

I wouldn't blame that on the program itself only that the economic situation of the country, the way interest rates are going, spending in other areas, that affects the creation of more housing but what we have, we have to counsel them properly, tell them it is not always possible to have a 202 building close to Capitol Hill.

If one day a Congressman wants to retire and wants to retire in this building, if you can build one—it is very expensive to build. They usually come in tandem 202/section 8; 202 creates the building and section 8 facilitates the payments.

If I had to counsel you and tell you, Mr. Dellums, I am sorry, but you spent 20 years on Capitol Hill and there is no building right on Capitol Hill for you as a 202 applicant, but I do know of this other place which is very nice and I would like to take you down there and show it to you, maybe you will like it. Maybe it is far away from the place where you worked so hard, and you may like it.

I would say I am more concerned with other types of housing for moderate income people or public housing also. In a previous testimony before the Department of Housing and Community Development, they said there were no places in the Adams-Morgan/Mount Pleasant area to create housing. I said there were plenty of places. I presented a lease of 12 empty lots and 12 boarded-up buildings.

They haven't gotten any of those. They have done nothing. But they have reasons why not, they can always find a reason.

If we said we have 12 empty lots and we have 12 buildings, then that would be the ideal thing, but if we cannot have it, I will welcome housing anywhere.

But what we need is being able to educate those peoples or homes or apartments wherever they are.

The CHAIRMAN. I would like to ask another question.

IMPACT OF RENT CONTROL

A number of my colleagues believe the imposition in enactment of rent control measures has contributed to the loss of new rental housing. I tend to believe the loss of new rental housing has to do with the fact that none of our tax provisions support the construction or the ownership of rental housing units, and that is the major contributor to the loss of new rental housing units here and elsewhere in the country.

Do you tend to agree with the latter statement?

Mr. GOMEZ. I agree with it, but if I want to be honest I have to say that rent control is not exactly the best solution.

The best solution would be a matter of simple economics, supply and demand. The more apartments available we have, then the better off many people will be in a position to say, I don't want to pay $300 for that apartment, I can go around the block and get one for $200.

Then if we have more housing and if we use more air space instead of rehabilitating two or three row houses and putting in a few families, why not demolish those three homes that used a lot of resources, money, and work, materials and all that, to put up a building and say we have a building here for 30 families, that would be much better.

That was part of some arguments that I had during the meeting called this summer by Marion Barry and the Department of Housing Community Development, that we were not using correctly the limited amount of land that we have in the District of Columbia.

On taxes, I agree it would be, but landlords and developers will always find loopholes to do things. The only resort the renters have is rent control. I wouldn't say rent control is the ideal weapon to fight displacement or the lack of rental housing itself.

NATIONAL HOUSING POLICY

The CHAIRMAN. Do you believe there is need for development for national policy with respect to the affordable housing?

Mr. GOMEZ. Definitely. I would like to see this change in 1 year only and hear Congress say the priority is housing this time; not national defense. We have enough weapons to smash Russia 30,000 times and if we could just say, let's stop one time, and we are not going to have 30,000 times one, but we are going to have only 1 year when we will say this year you have to live with your resources, you people at the Defense Department, and now we are going to pay attention to the housing needs, and say this is a war also, but a lack of housing war.

We want to create 500,000 units across the land, for ownership and so many for rental.

When you see there are only $800 million allocated for housing for the elderly and those are locations in 202 that have to be fought by so many people all over the country, and when one single project costs $50 million, you don't see many buildings coming up for the elderly.

Section 235 is out of place right now because the limits that were put on that program are so high that you just cannot find any $45,000 home in the District of Columbia. The median price of a home here is $98,000.

I helped people buy homes in Adams-Morgan for $17,000 4 years ago. Now one is $90,000, and another is $70,000.

I say why didn't I buy one myself? I didn't buy one.

It is very, very sad, it is not the houses are in very good condition. It is pressure, pressure from everywhere.

CONDOMINIUM CONVERSIONS

The **Chairman**. I just have a couple additional questions, one regarding the new condominium law. Do you think this last law will assist in addressing an aspect of the displacement problem in the District of Columbia?

Mr. **Gomez**. Yes. I would say yes, as long as there are government mechanisms that will step in quickly to help those senior citizens who will stay there for life with subsidies, with all kinds of assistance, with nurses who will be able to visit them.

The way I see it, regardless of being able to stay in an apartment for life, if they have to have some kind of supporting service, elderly people are not all very healthy. Some of them are. Some are very happy, some are sad. Sadness leads to illness and they need someone to talk to them, to give them some supportive services, nurses who can come and say this is your prescription.

There are many handicapped who have been living in those apartments for a long time. As long as there are supportive services and there are services readily available, not to fight for them, but I can go to an office and say, here is the case of Mary Jones and she is living in this apartment paying so much rent, making so much money, we need so much money to pay her rent and they say, fine, this gets priority.

Then I say 100 percent in that respect that bill is ideal. It is very good. It is not perfect, like any bill, but I could live with it.

EVICTIONS

The **Chairman**. One final question. You alluded to evictions in your testimony. What happens to a person who is evicted in the District of Columbia? Are there any emergency services? Do you provide any?

Mr. **Gomez**. There are organizations that specialize for storage. We don't have ability for storage. We know of the organization that may have storage or transportation available for the ones evicted, then we contact those organizations and we arrange for transportation and for storage.

We may be able to arrange for lodging, temporary housing 2 or 3 days while we are able to find something else somewhere else. If we cannot, then that is the bad fate of the family. But that is basically what we do. We don't have the resources to go out and say, bring in your things.

If we find any legal resource, then we may be able to do something about it to stop an eviction. Right in the middle of it you can do that if you have adequate resources. Usually in the District of Columbia people are evicted for nonpayment of rent. Nobody has come to my office saying, I don't have any money to pay the rent. They are always short, because the people are always asking more of them. If we can find the $30 that person needs, then we can stop an eviction.

The CHAIRMAN. Mr. Gomez, I would like to thank you very much for your response to my questions.

Mr. Irene, I thank you for your contributions to these proceedings. It is extremely difficult for me to understand if a documented survey indicates that 50 percent of the Hispanic community do not speak the Enlgish language well—and language is a major barrier to employment—yet, an exceeding small amount of resources goes to provide language training—where the priorities are.

Mr. Gomez, I certainly appreciate the sentiment of your statement about waging war on the problem of housing. Unfortunately, what that means is a massive re-education program for my colleagues who perceive the Soviet Union the major enemy as opposed to the enemy of poverty, disease, inadequate housing, unemployment, racism, sexism, and classism.

It requires a major rethinking for my colleagues to understand that our major enemy is not some group across the water that we anticipate will engage in a nuclear exchange but the problem confronting us is the fate of human beings.

I thank both of you for being involved.

Mr. GOMEZ. My message is if there would be a grateful America, well-housed and well-educated, they will have people to go and say, we will consider your wars and see if they are really worth fighting for, because if you have someone trying to send you to fight somewhere else, and you are fighting one here, then we are in that shape.

The CHAIRMAN. I thank you.

Our last witness is Mr. Mitch Snyder, spokesperson for the Community for Creative Non-Violence, Washington, D.C.

Mr. Snyder, we would like to welcome you.

STATEMENT OF MITCH SNYDER, COMMUNITY FOR CREATIVE NON-VIOLENCE, WASHINGTON, D.C., ACCOMPANIED BY MARY ELLEN HOLMES AND JOHN DOE

The CHAIRMAN.. I would like to welcome you. We have read your testimony and found it extraordinarily sensitive and humanistic and thoughtful and a great deal of compassion involved in the statement.

I just wanted to say that.

Mr. SNYDER. Thank you. I appreciate that. We prepared a couple of thoughts and reflections and, unfortunately, we put them on paper. We really hate to do that. It is very unspontaneous but we felt a responsibility to say as clearly to yourselves and ourselves, and people sitting behind us, what needs to be said.

While it is always fun to wing it, it does not always maximize the potential of the situation.

I have been elected to share with you the thoughts that we have put together and then any questions that you might have, Mary Ellen or I will be more than happy to try to answer as best we can.

Actually, there are three members of the Community for Creative Non-Violence here: Mary Ellen and myself and a number of others. We have a quorum. I am not sure you can say the same. I guess everybody had a lot to do. Hopefully, they will hear what has to be said second or thirdhand.

The third member of our community is in a little bag. He goes everywhere with us. His name is John Doe. These are the cremated remains of a human being, a man, who, last winter, homeless and alone, froze to death. He was listed as a John Doe.

THE DESTITUTE AND HOMELESS

Twenty-nine others over the past 5 years have met the same fate in the District of Columbia—victims of exposure, indifference, and injustice.

Let the bones of this dead man then, provide the context and the framework within which all that we say is offered.

Envision, if you will, an infinitely long line of people, stretching—5, 10, 20 abreast—as far as the eye can see. There are literally millions of them—men, women, and children. Slowly, painfully, some walking, others shuffling, limping, crawling; they pass before you.

These are our Nation's untouchables. America's pariah: invisible, disposable, surplus. They are the destitute homeless.

Some are old, all rags and bags, long hair and bushy beards stained yellow with dirt. The pockets of their tattered overcoats and their shopping bags stuffed and bulging with all the little rubbish they collect and live on. Filthy and suffering. Bent and twisted by the downward curve of hunger, desperation, want.

Some are senile. Others alcoholic. There are the autistic, and there are those who talk to God, and to themselves. There are many, who, without assistance, cannot even tie their own shoelaces.

There are the amputees, and the double amputees. There are the lame, the halt, and the blind. Bodies broken, spirits equally disfigured.

There are the displaced, the disenfranchised, the dispossesed—Madonnas, with child, for whom there is no rest and no inn.

Some are children. In a cruel, hard, violent, and selfish world, left, alone, to become, themselves, cruel, hard, violent, and selfish.

Many are young. Mostly black. Or brown. Or Latino. Strong. Willing. Able. Unemployed. Unabsorbed. Underdeveloped. Overexposed. Scarred, inside and out, with the jagged wounds of our dirty little war and our dirty little world. Like a fuse, they burn, slowly, surely, fueled by hate, bitterness, and fury.

This is the vast army of America's homeless: the progeny of our ignorance, our indifference, our insulation, and our pathological demand for conformity and productivity. They are a reflection of our unwillingness to confront difficult problems. We point with pride to our forefathers and mothers who fled religious persecution and, in so doing, founded this Nation. Yet, only rarely does it occur to anyone that running from injustice or oppression is not a virtue. But run they did, and we have been chasing our own tails ever since.

Driven, by they know-not-what, the homeless are always on the move: looking for all the necessities and prerequisites of life. They are constantly running, hiding from the voice on high which decrees: "You don't belong here. You-don't-belong. You there! Don't be long! Move on! Move on!" Hungry, haggard, cold, lonely, frightened, confused, helpless, hopeless, restless, ragged, empty, defeated; begging, thieving, hawking, selling; silent, transparent, innocent—innocent! Innocent—in utter and abject misery they continue to file by.

Row after row, wave after wave passes, assaulting your mind until it grows numb. Each is unique, yet all share a point of commonality: there is no one, not church, nor state, not you, nor I, there is absolutely nobody who cares enough to reach out and to bring them back.

And then, suddenly, instantly, everything fades into fear, for they are staring at you. Looking into their eyes you know that "in the souls of the people the grapes of wrath are filling and growing heavy, growing heavy for the vintage."

HOMELESS COUNT

How many people in the District of Columbia are homeless? Thousands. How many nationally? Millions. Of that much at least we are certain.

Precisely how many? Who knows? Certainly not the Government. Nor the professionals. Not the religious community. Not even those who work with the homeless know for sure.

We have been told that in Chicago there are approximately 1,000 homeless people. We have also been told that in Chicago there are nearly a quarter of a million homeless people. What do the experts say? Those are the experts.

In Manhattan, some claim there are less than 10,000, while others estimate more than 75,000.

In Baltimore? Take your choice: 320—or 8,000, depending on who you ask.

Those who most directly serve District of Columbia's street people were asked, "How many?" Their estimates range from 300 to 15,000.

There is, however, general agreement in one area: the number of people on the street has increased dramatically.

Do you get the picture? The picture is, there is no picture. We will discover how many people there were on the street, only after they have come in.

District officials acknowledge the existence of a few hundred hard-core street people. "Hundreds," they say. "What's all this nonsense about thousands?" they say. "Exaggeration! Rhetoric! Hyperbole!"—they say. But, they also say, in hushed tones and only when talking to each other, that more than 12,000 homeless men have passed through the city operated and funded shelters in 26 months!

Why the reluctance on the part of Government to acknowledge the dimensions, or, in some cases, the very existence of the problem? Simple: who's going to pay for the solution? Besides, as a local judge once commented, the issue lacks sex appeal. Who cares? Who's shocked? Incensed? Where's the advocacy? The outcry? Then too, the homeless themselves lack any semblance of power: they don't vote, or consume, they aren't organized; statistically, they don't even exist.

Where do the homeless come from? Why are their numbers growing? To those questions, at least, we can provide more definitive answers.

Despite lingering images of street people as "dirty, lazy, drunken bums," those stereotypes bear little, if any, relationship to reality. Nor are the labels "wino" or "tramp" just or accurate in describing today's chronically homeless individual.

CONDITIONS CAUSING HOMELESSNESS

Some of the conditions contributing to the increase in homelessness are: First, double-digit inflation, especially as it impacts on fixed incomes; second, unemployment—particularly among minority youth where it is running between 40 to 60 percent; third, the abysmal failure of the deinstitutionalization of the Nation's mental health system; fourth, the widespread shortage of affordable housing; fifth, the breakdown of traditional social structures, relationships, and responsibilities, and sixth, the effects of the inflation/recession/depression, coupled with an increasingly conservative mood in the country and a corresponding decline in social spending.

The situation is simple—and dangerous: we continue to cut back on basic services necessary for survival, while simultaneously and rapidly adding to the body of persons who must rely on those services for their very existence. We would not be exaggerating in describing the situation as critical—and explosive. We must constantly, and forcefully, remind one another, before it is too late, that those who have nothing, having nothing to lose.

We must also bear in mind that the problem of homelessness cannot effectively be dealt with in isolation. It is merely symptomatic of a deeper, systemic ill: the inevitable contradiction inherent in a society based on the fallacious supposition that through isolation, competition, and self-interest, we build a better world.

In December 1976, when we opened our home to those in need of shelter, there were three existing facilities with a total of 174 beds, including 10 for women. Currently, there are 500 beds for men, and there is space for 122 women, with two additional 30-bed shelters for women scheduled to open within 6 weeks.

DISTRICT'S EMERGENCY SHELTERS

That's the good news. The not-so-good news is that more than $20 million a year in local and Federal funds is spent on overinstitutionalization and the District's emergency shelter program. The waste, both human and financial, is staggering. We have, with no success, consistently reminded the Mayor, City Council, and appropriate DHS officials that within 60 to 90 days the figure could be cut 75 to 80 percent, with an increase in the quality and the delivery of services.

The bad news is that by any rational and humane standards, the conditions prevailing within the two municipal shelters for men are completely intolerable and unacceptable. Yet, despite the waste, the filth, the mismanagement, the theft, the dehumanization, and the brutality, we fight to keep them open. Why? Because the alternative is much worse.

Obviously, something is very wrong. What is wrong is that the chronically destitute homeless are missing persons: missing from our consciousness, our deliberations, and our lives. Their suffering, which should be most concrete and visible, has become abstract and unseen. Therefore, the homeless find themselves, transparent and alone, standing outside the range of institutional possibilities.

We have built a wall between ourselves and those who have no place to lay their heads. That wall must come down, and it must come down now. The homeless demand shelter, not excuses. They demand dignity and not the demeaning that comes from sleeping on the street. They demand that the insulation of our lives be broken by payment of the debt of our neglect. They demand that here and now, in the wealthiest Nation on the face of the Earth, basic shelter be recognized politically, philosophically, and programmatically as an absolute and inalienable human right.

Since these are times of modest expectations, our goal is simple: the creation of adequate, accessible space, offered in an atmosphere of reasonable dignity, for every man, woman, and child who needs and wants to get in off the street.

It has been our experience that neither commitment, nor creativity, nor energy, nor any of the other resources necessary to facilitate the realization of that goal appear unless and until people take it all very seriously and very personally.

We have come here today to educate, to incite, to beg, to plead, to do anything within our power to encourage you to do everything within your power to rid this Nation, now and for all time, of this horrible human tragedy. For if you act intelligently, compassionately, responsibly, humanely, and quickly, you will make a difference. That is the hope, the prayer, the expectation, and the demand, that we have brought with us this morning.

Since Asheville, N.C., is one of the cities included in the report which we have prepared for this committee, we thought it appropriate to conclude our testimony with a passage written by one of Asheville's native sons, Thomas Wolfe: "You Can't Go Home Again."

> On his nocturnal ramblings about New York, he would observe the homeless men who prowled in the vicinity of restaurants, lifting the lids of garbage cans and searching around inside for morsels of rotten food. He saw them everywhere and noticed how their numbers had increased. * * *
>
> He found out the various places all over the city where such men slept at night. * * *
>
> It was his custom almost every night, at one o'clock or later, to walk across the Brooklyn Bridge, and night after night, with a horrible fascination, he used to go to the public latrine or "comfort station" which was directly in front of the New York City Hall. One descended to this place down a steep flight of stairs from the street,

and on bitter nights he would find the place crowded with homeless men who had sought refuge there. * * *

Most of them were just flotsam of the general ruin of the time—honest, decent, middle-aged men with faces seamed by toil and want, and young men, many of them mere boys in their teens, with thick unkempt hair. * * * These were the wanderers. * * * who drifted across the land and gathered in big cities when the winter came. * * *

Here in New York, to this obscene meeting place, these derelicts came, drawn into a common stew of rest and warmth and a little surcease from their desperation.

George had never before witnessed anything to equal the indignity and sheer animal horror of the scene. There was even a kind of devil's comedy in the sight of all these filthy men squatting upon those open, doorless stools. Arguments and savage disputes and fights would sometimes break out among them over the possession of these stools, which all of them wanted more for rest than for necessity. The sight was revolting, disgusting, enough to render a man forever speechless with pity.

He would talk to the men and find out all he could about them, and when he could stand it no more he would come out of this hole of filth and suffering, and there, twenty feet above it, he would see the giant hackles of Manhattan shining coldly in the cruel brightness of the winter night. The Woolworth Building was not fifty yards away, and a little further down were the silvery spires and needles of Wall Street, great fortresses of stone and steel that housed enormous banks. The blind injustice of this contrast seemed the most brutal part of the whole experience, for there, all around him in the cold moonlight, only a few blocks away from this abyss of human wretchedness and misery, blazed the pinnacles of power where a large portion of the entire world's wealth was locked in mighty vaults * * *

* * * I think the life which we have fashioned in America, and which has fashioned us—the forms we made, the cells that grew, the honeycomb that was created—was self-destructive in its nature, and must be destroyed. I think these forms are dying, and must die, just as I know that America and the people in it are deathless, undiscovered, and immortal, and must live.

I think the true discovery of America is before us. I think the true fulfillment of our spirit, of our people * * * is yet to come. I think the true discovery of our own democracy is still before us.

I think the enemy is here before us, too * * * I think the enemy is here before us with a thousand faces, but I think we know that all his faces wear one mask. I think the enemy is single selfishness and compulsive greed. I think the enemy is blind, but has the brutal power of his blind grab. I do not think the enemy was born yesterday, or that he grew to manhood forty years ago * * * or that we began without the enemy, and that our vision faltered, that we lost the way, and suddenly were in his camp. I think the enemy is old as time, and evil as Hell, and that he has been here with us from the beginning. I think he stole our earth from us, destroyed our wealth, and ravaged and despoiled our land. I think he took our people and enslaved them, that he polluted the fountains of our life, took unto himself the rarest treasures of our possession, took our bread and left us with a crust, and, not content, for the nature of the enemy is insatiate—tries finally to take from us the crust.

I think the enemy comes to us with the face of innocence and says to us: "I am your friend."

I think the enemy deceives us with false words and lying phrases, saying:

"See, I am one of you—I am one of your children, your son, your brother, and your friend. Behold how sleek and fat I have become—and all because I am just one of you, and your friend. Behold how rich and powerful I am—and all because I am one of you—shaped in your own way of life, of thinking, of accomplishment. What I am, I am because I am one of you, your humble brother and your friend. "Behold," cries Enemy, "the man I am, the man I have become, the thing I have accomplished—and reflect. Will you destroy this thing? I assure you that it is the most precious thing you have. It is yourselves, the projection of each of you, the triumph of your individual lives, the thing that is rooted in your blood, and native to your stock, and inherent in the traditions of America. It is the thing that all of you may hope to be," says Enemy, "for—" humbly—"am I not just one of you? Am I not just your brother and your son? Am I not the living image of what each of you may hope to be, would wish to be, would desire for his own son? Would you destroy this glorious incarnation of your own heroic self? If you do, then," says Enemy, "you destroy yourselves—you kill the thing that is most gloriously American, and in so killing, kill yourselves."

He lies! And now we know he lies! He is not gloriously, or in any other way, ourselves. He is not our friend, our son, our brother. And he is not American! For, although he has a thousand familiar and convenient faces, his own true face is as old as Hell.

Look about you and see what he has done.

I have one thing to add. I would scream, except this is not the kind of place you would scream. I translate into words that scream: This building is on fire. I do not appreciate nor want any questions that do not reflect that this building is on fire. These words are neither good nor bad to hear, nor do we need to be thanked for them. We have screamed, and that is what we have brought first and foremost this morning with the understanding that it is only when people become personally involved and engaged and eliminate as best they can the walls and barriers between themselves and the human beings we have come here to speak for. So first and foremost, I will ask you and all those here to reduce some of those barriers by spending time on the street, at the mercy of the elements and society. Then it will become very clear exactly what needs to be done and exactly what can be done. Once you have seen that image, then you become fully empowered to do something about it. Until then, there is nothing either I can say or Mary can say. John is the most eloquent person here today, the bones of one who died alone on September 27, a feast day, "Slaughter of the innocents."

That is the message and request I bring you. I am somewhat disappointed there are not more people here today.

I also thank you for inviting us because we find we are not all that popular anymore. People are somewhat hesitant to invite us in because we have a tendency to both not go away and of coming back at the most inappropriate times, in the most negative of ways.

Thank you.

Mr. DELLUMS. I respect your latter comment, and in that regard, I will not ask you any questions. I think we both understand why there are not a lot of people here. That is because we tend to deal in sensationalism. If Washington, D.C., exploded the same as Miami, you could not get all the people in the room. The fact that this issue is on the back burner is a clear indication why nobody is here. This is our humble effort. I do not apologize to you or anybody else. We made an effort to address ourselves to the problem, and we stand trying to make that statement as clearly and dramatically as you did yourself.

So, I stand here eyeball to eyeball with you. We try to establish this platform to educate people as powerfully as possible.

The assumption of your statement is that some of us have not already experienced that. You do not know anything about my past; you do not know a damn thing about ours, but we respect each other because we are compassionate and we care about individuals. So you do not need to prove that, and I do not need to prove that what we are doing here is trying to show our colleagues that the problem is existent.

I have seen people eating out of garbage cans; I have cried while driving down the street looking at that, and come back the next day and here my colleagues argue to put more money into the MX missile.

So, we offer these hearings and we try to make this room, 1310, a main street, but it is still a sideshow. Until it becomes a main street, this country is not going to address human misery. It is our effort to take this out of the sideshow and make it a mainstream thing. We can redefine the nature of our enemy, which is not the Soviet Union; we can redefine our power.

I respect what you say. In that respect, I will not ask any questions, because your statement has asked questions and answered them.

Mr. Snyder. The question I would like to ask you, this is room 1310. I came from room 67 of the jail. I have been there for 3 weeks. I will be there for another 4. This room has so little relationship to that room. I am holding onto it. There is no relationship.

The first time we bumped into each other was in Danbury; and the second time was in a tiger cage on the steps of the Capitol. I know you are a decent man, and I know your constituency is decent. I understand that. I also understand how seriously we are taken, and I also understand we have a responsibility quickly, being that this is the end of September going onto October, to walk into room 1310 or 67 and say we have tried.

I am inviting you to make it more difficult for your colleagues to go back to their well-proportioned homes and lives which are completely and utterly devoid of contact sufferings and realities, inviting you to make it more difficult for them by sharing. We can all share stories about the food we have not eaten.

I am interested here, you have a great deal of power, not as a Congressperson, but as a human being with access to resources and other people who have resources and a fair amount of personal control. I am asking you to spend some time on the streets of this city with people, however long it takes before you understand that this discussion is not enough. This dialog is not enough. This exposure is not enough. Until with your own flesh, eyes, nose, and senses, you do not just see somebody you do not know eating from a garbage pail, or until you spend the next 4 hours with that person and know who he is; until you simply cannot walk away and go back to business as usual, but you have to scream and yell. Whether that is a couple of days or a week. But I am inviting you to make it more difficult for yourself and other people to continue with business as usual by seeing and feeling the experience of your own flesh, exactly what is out there, the proportions of it, which can only be seen from firsthand, and the injustice of it and the need to do something about it.

I do not accept the fact that the first cold night we have this year, you are going to sit in your office and think in your guts and bones of those human beings who do not have anything on their backs. I feel that, until somebody hits the door with a short-sleeved shirt, even I cannot remember that unless I am confronted with it all the time. So no, the presence of the homeless is not as great as it should be.

I know there are a lot of things that should be dealt with. I know there are thousands of people living in misery beyond description, and you need to know that better. If you did, you would scream; you would jump; you would do anything you would have to do to make your colleagues and everybody else know it. You have a greater ability to reach folks than I do. So I am inviting you, begging and pleading with you to reduce some of that distance between yourself and those people by spending some of your time with those folks regardless of how busy you are with others and how important what it is that you are doing is. Do that, then call the cameras together and see how many are willing to come to listen to a Congressperson who says:

I want to talk about a problem I just lived with. I was on those streets and I want to tell you what I saw, and I want to tell you that something is going to be done. I am not going to let another day, week, or month go by.

That is what we are inviting you to do. We understand what it means personally and politically. And that is an invitation we will extend to you.

Mr. DELLUMS. I accept the invitation.

I would like to thank all three of you for coming.

These hearings stand in recess.

[Whereupon, at 12:30, the committee was adjourned, to reconvene at the call of the Chair.]

[The following material was received for the record.]

[Excerpts]

The State of Black America 1980

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INTRODUCTION

BY

VERNON E. JORDAN, JR.

For black Americans the decade of the 1970's was a time in which many of their hopes, raised by the civil rights victories of the 1960's withered away; a time in which they saw the loss of much of the momentum that seemed to be propelling the nation along the road to true equality for all its citizens. Within Black America in the 60's there had been eager anticipation that racial wrongs might be set right, a feeling that perhaps the nation was at last serious about attacking racism and poverty. The 70's however, brought forth in Black America a mood of disappointment, frustration and bitterness at promises made and promises unkept.

We were only three years into the 70's when Newsweek Magazine in a cover story asked the question, "What Ever Happened to Black America?" Barely ten years after the March on Washington its troubling conclusion was "the great surge that carried racial justice briefly to the top of the nation's agenda in the 1960's has been stalemated -- by war, economics, the flame-out of the old civil rights coalition and the rise to power of a New American Majority. Blacks and their special problems have gone out of fashion in government, politics and civil concern."

Little happened in the succeeding seven years to alter that assessment. The Second Reconstruction, so well begun, was left uncompleted as attention turned to other matters and the problems that have traditionally crippled the majority of black Americans over much of our history were left to fester and grow worse. The lesson of the 1970's was not so much that programs and policies fashioned to correct racial inequities failed. Rather, the lesson was that the commitment of the American people to correct these inequities failed as many of the successful programs and policies initiated in the 60's were allowed to languish and die.

It is now the accepted thing to talk of the failure of leadership in the 1970's, of the erosion of public confidence in so many of our institutions including the White House, the military, the CIA, the FBI, big business, the schools and others, leaving the American people confused, resentful and all too willing to seek an illusionary refuge in a "new negativism" that when reduced to its basic elements simply stated -- he who has keeps, and he who has not, doesn't get. Perhaps leadership, both public and private, did fail us, but to assign all our woes and tribulations to this factor is too simplistic a way to explain how in the brief span of ten years, we as a nation, managed to undo so many of the good things we had achieved in the name of equality of opportunity and the great American Dream.

We might set the beginning of the retreat in the late 1960's and early in the 1970's when "benign neglect" became the battle cry against the War on Poverty, affirmative action and compensatory programs. "Benign neglect" was not the only villian but at the very least it came to represent a damaging philosophy of negativism that was accepted by many Americans as an alternative to the positive actions that had been taken, primarily by government, to provide assistance to minorities and the poor in their struggle to pull themselves out of the mud of economic deprivation.

The American people were tired and willing to listen to voices that promised them a respite from change. The nation had gone through a period of racial upheaval never before experienced; it was bogged down in a war it could not win; women, Hispanics, native Americans and others were clamoring for new rights; the cities were falling apart, or so it seemed, and in our foreign affairs the rest of the world no longer trembled when we spoke.

Much of America wanted to slow things down and what that cost Black America is shown in statistics from the beginning and at the end of the 1970's. Black income which was over 60% of white income in 1969, fell to only 57% by the end of the decade. More blacks were poor at the end of the 70's than at the beginning. The black middle-class, described as rapidly expanding by some so-called experts, actually declined from 12% to 9% of all black families during this period.

Statistics alone do not tell the full story of what happened to Black America in the 1970's for there were also signs of further alienation from the majority as black people sought jobs that were not there, black children left the public schools without the tools that would enable them to compete with others, government grew cold and indifferent, and hope for a better day grew fainter and fainter in the hearts of many.

Not a Time of Progress

Not all of the losses can be laid at the doorstep of "benign neglect" or its off-spring "the new negativism," for certainly inflation and the generally unfavorable economic conditions throughout the decade played their important roles as well. Nor did all blacks lose ground. For many, new job opportunities opened up, fresh educational possibilities developed, better housing and health care became available, and life was richly satisfying. Nor did all of our allies turn to other interests. Many of them continued to believe in and work for equality of opportunity. But on balance, it is clear that with depression level unemployment and the majority of blacks on the lower rungs of the economic ladder at decade's end, the 70's were not a time of progress within Black America.

In assessing "The State of Black America" as it was in the 70's and specifically as it was in 1979 -- as this publication will do -- it should be clearly understood that the State of Black America can never really be any better than the State of America. Put in yet another way, Black America is so much a part of the totality of this nation that anything that affects America must, by the very nature of this society, affect Black America as well.

This fact of life is sometimes lost sight of as demonstrated in 1979 when the legitimacy of the interest of black Americans in the smoldering affairs of the Middle-East was called into question by some sources, bespeaking an attitude that said in effect black people have no right to enter any public arena of discussion except that of civil rights. Such an attitude is of course patently ridiculous and a gross affront to black Americans who have the right and indeed the responsibility to concern themselves with every single aspect of this nation's programs and policies, both foreign and domestic.

When American hostages were seized in Tehran, black Americans felt the same need to speak out in support of their government as white Americans. The possibility of the onset of another "Cold War" or some other response in the wake of the Russian invasion of Afghanistan has just as much meaning for black Americans as it does for whites, for everyone will have to bear the cost of any decision reached by our government. And black Americans should, and in fact must continue to involve themselves in mid-Eastern affairs and in affairs in all areas of the world from humanitarian and practical considerations.

If blacks have had little to say about the formulation of American foreign policy in the past, one of the reasons has most certainly been the lack of an available mechanism through which their voices could be heard. To rectify this, we believe that a Black Foreign Policy Institute should be established at one of the major black colleges for the express purposes of undertaking research and study into foreign policy from a black perspective and providing information to Black America which would then forge its own responses to foreign policy issues. We believe further that the institute should be funded by American philanthropy and that it should be guided by an advisory board or committee that reflects the diversity of opinion within Black America.

Within this context it should be clearly understood that from time to time there will be disagreements on some issues among black Americans. These disagreements should not, do not, and will not damage the basic unity of blacks in their continuing struggle to achieve total equality. The black community is not a monolith. It is made up of 26 million people who differ in regional characteristics, ideological commitments, and economic interests. It is united to the extent that all blacks know we do not enjoy equality and that we must continue to fight for our rightful place in the American sun.

We recognize that there is room for disagreement among black leadership but we face the 1980's united in our respect for each other and in our commitment to work together to advance the cause of black Americans.

Racism, Alive and Well

In 1979 Black America learned once again -- as if it ever forgot -- that racism, far from being dead, is alive and well in the American body politic. The most striking and indisputable piece of evidence was the alarming rise in acts of violence directed against black people. These acts were not confined to any one section of the country, and in fact seemed to occur with greater frequency outside the South. They reached their apex in Greensboro, N.C. in mid-November when five people were murdered and several Ku Klux Klan members were charged with their deaths. America should have been reminded by this that once race hate is uncorked it is almost impossible to put it back in the bottle.

It was clear in 1979 that the Klan was on the rise again. The Anti-Defamation League of B'nai B'rith reported that while that despicable organization represented only a "tiny fraction of the American people" it was stronger in 1979 than it had been in the previous ten years and its new members are younger and more prone to violence in keeping with the general pattern of Klan activity which consists of openly espousing violence and the staging of well publicized confrontations with black groups.

Even more disturbing than the acts of violence -- for these were at least sporadic and exposed to public view -- was the subtle kind of racism that appeared to be gaining support throughout the year from "good people" who would never think of vandalizing a home because its occupant was black, or burning a cross. As one sociologist put the matter this "polite" kind of racism produces an attitude in which "whites seem increasingly committed to integration as an ideal...but (are) increasingly reluctant to support the mechanics of intergration: busing, or affirmative action or the building of public housing in suburban areas."

This attitude was further reflected in a New York Times article of December 3, 1979, that reported both black and white officials pointing to rising racial tensions in the nation's suburbs ranging from subtle social factors to overt racism evidenced in continued resistance to fully accepting blacks in previously all-white neighborhoods and establishing racial quotas in rental housing.

Such manifestation of racism, whether overt or covert, should deeply disturb all Americans. It was not all that long ago that the American people allowed racism to run rampant throughout this nation leaving behind seas of blood and mounds of broken bodies. That nightmare still haunts us, still soils our national honor.

Do we really want this to happen again? We believe without reservation that the vast majority of the American people do not. But we must also warn that apathy and behind closed doors racism give tacit consent to the cross-burners, the vandals and the murderers. Americans seriously concerned for the welfare of their country, now and in the future, must speak out against this rising tide of hate before it succeeds in plunging us back into another nightmare.

No other event stirred Black America to such a degree in 1979 as the resignation of Andrew Young as the U.S. Ambassador to the United Nations. In one of the essays appearing in this volume a wise and astute observor, Leslie Dunbar, discusses the ramifications of the Young Incident at some length. But at this point it seem proper to acknowledge that the traditional alliance between blacks and Jews that had already been strained over the issue of affirmative action was further weakened in the wake of the incident. Efforts to repair those ties have been undertaken at both the national and local levels and they are bearing fruit. The plain fact is that blacks and Jews have too much in common with one another to remain at odds.

What would be helpful in enhancing these efforts is a recognition that since the Supreme Court has ruled so precisely in favor of affirmative action in the Weber case, the time has come to end the debate over the subject that, in some instances, has split the two communities. The time has come for our Jewish allies to accept the principles enunciated by the Court's Weber majority as the basis for a stand on affirmative action that could be supported by both Jews and blacks. Together then we can move on to other issues where we share a mutuality of interest and where we each can draw strength from the other.

Survey Taken Among NUL Affiliates

Helpful in any examination of Black America is to discover how it feels about certain important issues. To secure this information the National Urban League in late 1979 went to its 116 affiliates scattered across the country with a series of questions. Deeply immersed as they are in the affairs of their local communities, we believe the individuals who responded are in an excellent position to accurately read the mood of Black America. This is what they reported.

QUESTION 1 - In the aftermath of the resignation of Ambassador Andrew Young and subsequent events linked to that resignation, has there been any change in the attitude of the following groups (black leadership - average black individual) toward the Jewish community?

Of the affiliates responding, 74% reported that the attitude of black leadership was unchanged, 21% said it had worsened, 3% saw it as improved and 2% did not know. As for the average black individual, 70% said attitudes were unchanged, 22% reported them worse, and 3% had no evaluation.

A number of the respondents indicated media coverage of the incident tended to exacerbate the situation giving rise to the belief that the Jewish community was involved in Mr. Young's resignation.

QUESTION 2 - In the aftermath of the resignation of Ambassador Andrew Young and subsequent events linked to that resignation, has there been any change in the attitude of the following groups within the Jewish community (Jewish leadership - Jewish individuals) toward the black community?

Of the affiliates responding, 48% reported no change of attitudes among Jewish leadership, 25% said it had worsened and 17% said they did not know. On the question of individual Jewish attitudes, 52% reported no change, 18% said attitudes had worsened, 3% said they had improved and 27% did not know.

QUESTION 3A - If black-Jewish relations have been damaged within your locality — at the leadership level — how would you describe efforts to repair that damage?

(Only those affiliates reporting damage were asked to respond to questions 3A, 3B, 3C.)

In answering this question, 52% reported that there had been limited efforts, 12% said there had been extensive efforts and 36% said there had been no efforts — at the time the survey was made.

QUESTION 3B - Who has been the primary instigator of such reconciliation efforts?

A majority of the efforts — 61% — were attributed to joint undertakings by both blacks and Jews, 29% reported the leadership had come from the Jewish community and 7% said it had come from the black community. Three percent said it had come from other sources.

QUESTION 3C - How would you describe the results of such reconciliation efforts?

A large majority — 70% — agreed that it was too early to tell, 20% said they had been successful and 10% described them as not too successful.

Report on Affirmative Action

QUESTION 4 - How would you characterize the degree of commitment to affirmative action activities in 1979 with the following institutions (business and industry, colleges and universities, local government)?

The affiliates gave the following responses.

BUSINESS AND INDUSTRY

Moderate - 58%
Very little - 42%

COLLEGES AND UNIVERSITIES

Moderate - 41%
Very little - 59%

LOCAL GOVERNMENT

Great Deal - 7%
Moderate - 41%
Very little - 42%

QUESTION 5 - Comparing 1979 to 1978, has there been any change in the degree of commitment to affirmative action activities within the following institutions in the area served by your affiliate?

The responses follow:

BUSINESS AND INDUSTRY

Less - 22%
More - 19%
The Same - 59%

COLLEGES AND UNIVERSITIES

Less - 31%
More - 15%
The Same - 54%

LOCAL GOVERNMENT

Less - 24%
More - 20%
The Same - 56%

QUESTION 6 - Acts of violence against blacks — such as cross-burnings, vandalism — have been reported on the increase of the country. How would you assess the incidence of such acts in your locality over the past year?

Responding, 47% of the affiliates reported an increase in such acts, 21% said they were at the same level, 5% said they were decreasing and 27% said they posed no problem.

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The greatest increase was reported from the eastern section of the country, followed by the central, southern and western states. Where increases were reported they were generally linked to black families moving into previously all-white neighborhoods. It was also reported that in a number of instances local authorities tend to treat cross-burnings as youthful pranks.

QUESTION 7 - If your answer to the above question indicates the presence of violence, at whatever level, to what do you attribute such violence?

The largest percentage of respondents — 36% — attributed the acts to organized hate groups, specifically the KKK. Another 30% linked them to economic pressures, 22% said they were the unorganized acts of individuals or groups, 6% were not sure and 6% tied them to other factors.

An examination of the responses indicated a deep concern over the rise of organized hate groups. In a number of instances, anti-black feeling was seen growing out of the myth that blacks have been given all the opportunities and are doing better than the majority groups in this country.

Better Understanding Sought

To record the specifics of what happened in Black America in several crucial areas and to interpret these events, the National Urban League asked a group of recognized authorities to prepare papers in their specific areas of knowledge for this, the fifth annual "State of Black America." These papers follow and we thank the authors for their contributions.

We present these papers in the hope that they will help create a better understanding of the nature of life within Black America and thus encourage the adoption of programs and policies that effectively address the problems and needs of this sector of our society. The papers, however, are the results of the independent thinking of the authors and should not be construed as representing the official positions of the National Urban League. Our recommendations appear later in this document.

Finally, it is not amiss to conclude this introduction with the observation that as the decade of the 1980's begins, America finds herself in a Presidential election year. The black voter, as he did four years ago, can have a decisive voice in this election, but we would suggest that any candidate or political party would make a grevious error in taking the black vote for granted.

Our historical tradition and status as non-profit, non-partisan, tax exempt social service agency precludes our endorsement or support of any candidate or political party. We are comfortable with this because of our faith in the black voters and their ability to carefully consider both issues and candidates and vote for what is in their own best interests. We only caution that they not rush to judgment, but calmly and deliberately make their choices.

At the same time, we urge black Americans to increase their voting strength through registration, and most importantly, by voting. We urge them to become totally involved in all political parties noting that one of the few encouraging developments of the 1970's has been growing evidence that in making political choices, the black voter looks past party labels. We applaud this sign of political maturity with the sure conviction that just as it is good for black Americans, it is good for all Americans.

Vernon E. Jordan, Jr.
President
National Urban League

January 22, 1980

ECONOMIC PROGRESS

By

Bernard E. Anderson

I. INTRODUCTION

As the nation enters a new decade, it is useful to pause and consider the experience of the recent past and the challenges immediately ahead in achieving equal opportunity in American economic life. At the beginning of the 1970's, blacks stood poised in a posture of expectation following notable victories against segregation and discrimination during the heightened consciousness of racial inequality sparked by the civil rights movement. The new decade, however, brought a national mood that appeared less hospitable to special efforts to improve the socioeconomic status of the black community.

Blacks saw the inauguration of a national administration that appeared to place their needs for better jobs, better housing, better schools, and wider participation in the nation's public and private institutions at a lower point on the list of national priorities than was evident during the latter years of the 1960 decade. The call for "benign neglect" replaced the hope that "we shall overcome."

In such an environment, serious questions were raised about the appropriate role of government in promoting racial equality, the potentially harmful effects on other groups from efforts to assist blacks, and the continuing significance of discrimination itself as a major barrier to black socioeconomic progress. Public advocates, elected officials, and scholars in many fields vigorously debated these questions and often were armed with sophisticated statistical and other empirical evidence.

Yet despite the vigor of the debate, few indisputable answers emerged, and the nation now continues to confront the difficult question of how, and under what conditions, the black American will pursue his continuing quest for full economic citizenship.

In short, as we enter the eighth decade of the Twentieth Century, the American people continue to confront the "problems of the color line." Despite numerous attempts to ameliorate racial inequality, including broad initiatives through public policy, the goal of equality of economic opportunity for black Americans continues to be elusive.

Most blacks enjoy better economic circumstances today than they did in the past, but their position remains markedly inferior to that of most whites, and is far from secure. Although some blacks have achieved notable economic success, many thousands remain locked in the chains of poverty. For most of them, the hope for a better life is still a distant dream. Many others, while not in poverty, still face restricted opportunities because of their race. The nation has not found the solution to racial inequality in economic life, but the continuing search for such solutions should be high on the national agenda for 1980 and beyond.

Among the challenges blacks face at this time is the search for clarity concerning the real meaning of progress achieved during the past decade, and the identification of effective strategies for promoting further gains. Has there been a "widening economic gap" between blacks and whites?[1] Do the trends observed during the past decade represent simply an "illusion of black progress?"[2] Have we in fact observed a "declining significance of race" so that factors associated with social class now loom larger than racial discrimination as barriers to greater equal opportunity?[3] These are some of the questions troubling black intellectuals and members of the leadership class, and until such questions are resolved, the momentum necessary for achieving sustained progress toward eventual amelioration of racial inequality in American life will be constrained.

This paper will summarize recent trends in economic progress among blacks, focusing on their employment and income experience. The discussion will also assess the linkage between public policy and black economic progress. Finally, some critical issues that might be significant for the employment and income position of blacks during the next decade will be identified.

II. TRENDS IN ECONOMIC PROGRESS

A. Labor Force, Employment, and Unemployment

In late 1979, there were 12.4 million blacks in the labor force. They held 11.1 million jobs, and 1.3 million were unemployed. The total civilian labor force included 104 million. Total employment averaged 97.6 million, and unemployment was 6.0 million. Thus, blacks comprised 12.0% of the labor force, 11.3% of the employed, and 22.1% of the unemployed.

During the 1970's there were divergent trends between black men and women in the labor force. The labor force participation rates among black men declined from 76.5% to 72.1%, while increasing from 49.5% to 53.3% among black women.

Most of the decline of black men in the labor force was concentrated among men aged 55 and older. But there was also a significant decline among young black men, aged 18-24. No doubt the difficulty young blacks face in obtaining jobs contributed to their discouragement from participating in the labor market. This widely recognized national problem affected black youth of both sexes but the participation rates for young women remained about the same during the decade. In contrast, the participation rates for white youth of both sexes increased significantly.

The decline in participation among older black men was a continuation of previous trends, and was similar to the experience of older white men. On the other hand, one major development during the decade was the continuing rapid growth of labor force participation among white women, especially married women. In the past, white women have had less attachment to the labor force than black women. If the trends of the 1970's continue however, the labor force participation rates of black and white women should converge, and be virtually equal in less than seven years.

B. Employment

Between 1970 and 1978, black employment grew from 8.4 to 10.5 million, while total employment increased from 78.6 to 94.4 million. Thus, between two years, the share of total employment accounted for by blacks as a group increased from 10.7 to 11.1%. The share of all jobs held by adult black males, however, declined slightly from 5.7 to 5.5%; and that held by black teenagers remained unchanged at less than 1%.

The adult white males' share of total employment also declined, but white females increased their share of all jobs from 29.7% to 32.4%. Also, white teenagers of both sexes saw their share of jobs expand from 7.1 to 7.7%.

B. Unemployment

Throughout the decade, unemployment remained a serious barrier to economic security for the black community. The average annual number of blacks unemployed doubled from 750,000 in 1970 to over 1.4 million in 1978. Total unemployment during that period increased by less than 50% (from 4.0 to 6.9 million). Among blacks, women experienced the largest rise in unemployment.

Much of the job loss among blacks was experienced during the 1973-75 recession, the worst the nation saw in 40 years. Blacks lost their jobs at almost double the rate experienced by whites between the third quarter of 1974, and the second quarter of 1975, the worst part of the recession. Much of the job loss among blacks at that time can be attributed to the high rate of layoffs in the mass production industries where a disproportionate number of blacks were located. Moreover, as the recovery from the recession got underway, blacks were called back to their jobs at a slower pace than whites. At the same time, unemployment among black youth was rising at an alarming rate.

A closer look at the differential recovery of black and white workers from the last recession might be instructive. Between 1975 and 1978, unemployment among whites dropped by about 1.7 million, while black unemployment remained virtually unchanged. A further examination of the data shows,however, that black adult women had the most persistent problem of unemployment during the period, followed by a continuing rise in unemployment among black teenagers.

These trends in the number of unemployed were reflected in the behavior of the black unemployment rate during the decade. Between 1970 and 1978, the black unemployment rate increased from 8.2 to 11.9%, and was over 10% for five of the eight years. In contrast, the unemployment rate among whites rose from only 4.5 to 5.2% during the decade, and was at no time higher than 8%. The comparative experience saw the 2:1 black white unemployment ratio retained through most of the decade with a sharp rise during the 1973-75 recession.

The experience for black youth was even more unfavorable. After hovering in the neighborhood of 25% for most of the 1960's, the black teenage unemployment rate broke through the 30% ceiling in 1971 and has remained there since that time. The unemployment rates among young adult blacks aged 20-24 also edged upward during the last several years above levels observed in earlier periods. This development is the reverse of the experience among young adult whites whose unemployment rate has steadily declined since 1975.

C. Unemployment, Hardship, and the Female Headed Household

Unemployment today while still undesirable, does not carry the same threat of economic catastrophe experienced[4] by many persons during the Great Depression. The modern welfare state provides many forms of income support for persons temporarily out of work. Workers in some industries even receive company funded supplementary income assistance above unemployment compensation benefits during short periods of joblessness.

Despite these benefits, however, economic security still rests largely with those fortunate enough to hold a full-time job through most of the year. This is especially true of blacks. For example, although 27.8% of all black families lived in poverty in 1974, only 11.4% of blacks who were year-round, full-time workers lived in poor families. By 1977, the proportion of black full-time, full-year workers in poor families had dropped to 7.3%. The comparable proportion for whites was 4.3%

Many of such families are headed by black women.[5] The double disadvantage of being black and female makes black women with disrupted marriages the most deprived group in our society. About three of every five black families headed by women were living in poverty. Yet, only one of every five black families headed by a woman who worked full-time, all year was living in poverty. The message in these statistics is that stable employment is a powerful engine for economic security. Poverty among black families headed by women will not be eliminated by jobs alone, but such families cannot hope to achieve sustained economic progress until ways are found to reduce black unemployment.

D. Occupational Trends

Blacks entered the 1970 decade after achieving measurable gains in technical, managerial and other white collar jobs during the 1960's. They had left low-paying jobs in agriculture and household service at a rate considerably greater than that of whites.

During the 1970's, however, the pace of progress toward occupational equality declined significantly. For example, the number of black professionals increased only half as fast during the 1970's as during the previous decade 130% vs. 61% much the same can be said of the expansion into clerical jobs (120% vs. 60%). Similarly, the growth of black employment in the skilled blue collar jobs was also half the rate observed during the previous decade. On the other hand, the movement out of unskilled work, especially private household employment, continued at a rate similar to earlier years reflecting, perhaps, the availability of alternative income support opportunities as well as changing consumer demand and higher wages for household service.

Although black occupational status improved marginally during the decade, there was little improvement in relative income within occupational groups. Between 1971 and 1975, there was virtually no change in the ratio of median earnings of black men to white men in managerial, professional, and skilled craft jobs. The relative earnings of black men in unskilled blue collar jobs declined during the same period. Similarly in 1975, black women had 56% of median earnings reported by white women in the professions, and 69% of median earnings in clerical jobs, compared with 66% and 70% respectively in 1971. These comparisons illustrate the failure of occupational progress to narrow significantly the black/white income gap during the past decade.

E. Income Trends

In 1978, blacks had a median family income of $10,880 which, when adjusted for inflation, represented a "real" gain of 6% above 1977. In comparison, real median income for white families was $18,370, a 2% gain over the previous year. Thus, the average black family enjoyed only 59 cents for each dollar available to the average white family for the purchase of goods and services.

The gap between black and white family income widened during the last decade, in contrast to common impressions among many observers.[6] During the 1960's, the relative family income of blacks increased, and reached 61% of white family income in 1969. Since that time, there has been a perceptible deterioration in the relative income position of blacks, with the decline observed in all regions of the nation, except the South.

For example, between 1969 and 1976, the ratio of black to white family income fell from 75 to 63% in the West; from 76 to 67% in the Midwest; and from 67 to 61% in the Northeast. The black/white family income ratio inched up from 57 to 59% in the South.

The decline in the relative income position of black families is attributable, in part, to the sharp drop in multiple earners among black families, while multiple earners among whites have steadily increased. The worsening income position is also relatived to the higher incidence of unemployment among blacks. For the first half of the decade, the number of whites employed year round in full time jobs increased twice as fast as the number of blacks so employed. Similarly the number of blacks unemployed 15 weeks or more has increased steadily over the past five years.

F. Income Distribution

Within the black community, family income has historically been less equally distributed than white family income, but the differences between the two groups have narrowed slightly over the last decade. The sluggish economic growth during the 1970's arrested the income gains many hoped would occur among blacks, and there is little evidence that progress during the decade contributed to a significant decline in black poverty. In 1978, 27.5% of the nation's poor population was black; the comparable ratio in 1969 was 29%. The proportion of all blacks below the poverty level dropped steadily during the late 1960's and early 1970's, but since 1972, the rate of escape from poverty has declined in an environment of slow economic growth and higher than average rates of unemployment.

III. PUBLIC POLICY AND BLACK ECONOMIC PROGRESS

The broad trends in the labor force status and income position of the black community presented above, illustrate the modest gains achieved during the past decade. It would be incorrect to say there was no improvement in the economic status of blacks; some persons achieved notable progress and moved closer to the enjoyment of economic security. Such persons, however, represented the minority of blacks; for the community as a whole, the decade, at best, was a standoff.

It is almost as though blacks were like the Red Queen in Alice in Wonderland; they had to run fast, just to stand still. Despite greater legal protection against discrimination, and wider opportunities in education, black progress in the American economy left much to be desired. Part of the reason for this experience can be traced to unfavorable changes in the American economy; perhpas as much, if not more, can be attributed to the decline in national commitment toward special efforts to ameliorate racial inequality in American life.

A. Persistent Economic Travail

Throughout the 1970's, the nation was faced with economic conditions incompatible with a sustained movement toward greater economic opportunity for blacks. The decade began with a serious problem of inflation that lingered on and worsened substantially during its last three years. The decade will also be remembered as the time when oil prices tripled, causing the price of all petroleum-based products to rise sharply. During the same time, productivity fell to an all-time low, blocking any realistic potential of achieving measurable gains in real income.

In an effort to correct what many considered persistent inadequacy in economic performance, the Congress adopted the Humphrey-Hawkins Act, formally labeled Full Employment and Balanced Growth Act of 1978. The Full Employment Act set a national goal of 3% unemployment for adults, and 4% for all workers by 1983; a rate of inflation of 3%, dropping eventually to zero; an improvement in the balance of trade; a balanced federal budget; and a limit on the growth of the federal government relative to gross national product (GNP). The ambitious goals were to be achieved through a process of coordinated decision-making in economic policy involving the executive branch, Congress, and the Federal Reserve Board. Although a timetable was set for achieving the goals of the Act, the President was given authority to modify the timetable if required by economic circumstances.

Members of the black leadership were among the key advocates for the adoption of the Humphrey-Hawkins Act, and for the election of a national administration that would implement it. The formidable challenge of achieving full employment, however, proved more difficult than many suspected, and by late 1979, the nation seemed close to the brink of recession, with little hope of lowering unemployment and achieving other goals of the Act in the immediate years ahead.

Full employment is unlikely to be pursued vigorously in an environment of double digit inflation. The troublesome problem, as seen by many economists is prolonged difficulties in bringing inflation under control and raising national productivity. For example, the Congressional Budget Office, an economic forecasting unit with a respectable record of accuracy over the past several years, now forecasts real GNP growth rates at 1.5 to 2.0% through the next decade.[7] If this projection is correct, the 1980's may hold even less promise than the 1970's for significant and sustained black economic progress.

B. Employment and Training Policy

One of the bright spots during the past decade was the expansion of federal support for jobs programs to assist the economically disadvantaged. In 1970, such programs were funded at $1.4 billion, but by fiscal year 1980, the federal government planned to spend about $10 billion for these purpose. A major addition to the available resources was the $1 billion Youth Employment and Demonstration Projects Act adopted in 1977. This act almost doubled the funds devoted to youth employment problems, and in late 1979, discussions were underway to preserve and extend the special commitment to youth in 1980.[8] During the past several years, employment and training programs have been directed increasingly toward minorities, and blacks have shared in the expanded resources. In 1978, blacks comprised one-third of all participants in comprehensive employability development programs; about one-fourth in public service jobs; and one-half in summer youth employment programs.

Some critics have complained that employment and training programs do nothing to improve the labor market experiences of their participants, and are, at best, expensive placebos in an economy of increasing distress. Such comments are inconsistent with the best evidence on the impact of such programs, especially that which is based on careful program evaluation techniques.

Specifically, the best available suggest that blacks have gained measurable benefits from participation in the Supported Work Program, the Job Corps, Apprenticeship Outreach, and some skilled training programs linked with job placement.[9]

The Supported Work Programs concentrated on welfare recipients, ex-offenders, ex-addicts, and young school drop-outs. About 10,000 persons, 85% of whom were black and Hispanic, participated in the specially designed programs during the past four years. Each group, except youth, showed post program earnings gains significantly greater than those of similar persons who did not participate in the programs.[10] Supported Work offers no guarantee of success for the most economically disadvantaged, but does show benefits for many participants, especially long-term welfare recipients.

Similarly, blacks who completed Job Corps programs in 1977 and 1978 showed positive earnings gains compared with comparable non-participants. Black men reported average weekly earnings improvement of $26 and black women, $20. While the gains for blacks were positive, however, they were less than gains reported for white Job Corps completers.[11]

Black women in the Work Incentive Program, between 1974 and 1976, reported annual earnings gains of $255 for a combination of labor market services, and $1357 per year for subsidized employment alone.[12] At the other end of the occupational hierarchy was the Minority Women Employment Program, which during the past eight years has placed about 1750 black women in managerial, professional, and technical jobs and increased their annual earnings, on the average, about $2,500.

It is important to call attention to this evidence because of its implications for policy directions during the next decade. The important point is that federal jobs and training programs do not offer a "quick fix" solution to all the nation's ills in unemployment, discrimination, and poverty. Such programs, however, have demonstrated a capacity to improve the employment and earnings status of many participants, especially when the programs were carefully targeted to persons with greatest needs; were well managed; and were tailored carefully to the realities of the labor market.

In the 1980's, employment and training programs will continue to play a major role in the social policy mix designed to reduce unemployment. This is especially true of youth employment programs. Black youth continue to have very high unemployment rates and the black proportion of the youth population is expected to increase during the next decade.

It is incumbent upon the black community to insist that a fair share of employment and training program funds be targeted to the needs of the black unemployed, especially youth, and that the programs with the best performance records be expanded, while those offering no measurable benefits be abandoned. It is equally important for blacks, as a group, to develop more institutional resources for evaluating the impact of such programs so that black perspectives on program performance can be made available to policymakers and opinion makers. Today, far too much time and effort must be spent by black leadership to defend the legitimacy of social action programs against the criticism of those, who in the interest of "fiscal conservatism," advocate sharp reductions in federal expenditures for jobs and training programs.

C. Anti-Discrimination Efforts

During the past decade, the role of the Equal Employment Opportunity Commission was enlarged, and the agency acquired stronger enforcement powers to assault the remaining vestiges of race and sex discrimination in the labor market. EEOC now may initiate and pursue Court proceedings based on its investigation of discrimination charges, and may direct its resources against discrimination in state and local governments, educational institutions, and the federal government itself.

The new authority of EEOC, complemented by an enlarged budget, enabled the agency to accelerate its drive against discrimination, and some notable victories were achieved. Foremost among the victories was the landmark settlement of a suit against AT&T in 1973, which called for cash payments in excess of $50 million in compensation for past discrimination and as bonuses to minorities and women, transfers to better-paying jobs. The At&T accord became a standard for similar agreements that were negotiated between EEOC and employers in the trucking, steel, and other industries.

Federal court review of employment discrimination cases weakened some elements of the enforcement process, but strengthened others. On the other hand, court decisions limited the potential for class action suits, and placed constraints on the payment of attorneys fees and back pay settlements. On the other hand, the Supreme Court in its decision in Weber V. Kaiser Aluminum Co., spoke loud and clear on the legitimacy of private efforts to correct the present effects of past discrimination. The Weber decision offers as much opportunity as private employers might desire to move swiftly toward the design of special efforts to equalize the occupational status of minorities in the work force in cases where past discrimination, either within or outside the firm, has blocked the advancement of blacks toward improved job opportunities.

D. The Impact of Anti-Discrimination Efforts

Some have suggested that efforts to correct discrimination in the labor market, while laudable, bear no relationship to gains in the relative position of blacks. Evidence assembled in a study completed in 1976 casts doubt on that conclusion.[12] The study compares changes in black employment in firms reporting to EEOC, with black employment trends in the labor force as a whole. Although the comparison does not offer a rigorous test of the association between enforcement practices and employment trends, the evidence is nonetheless, instructive. (Table 2)

Black employment in EEOC- reporting firms rose much faster than employment as a whole between 1966 and 1974. For example, blacks gained 23% of job growth in EEOC-reporting firms, as compared with 15% in total. Among white collar workers, black clerical and sales workers increased faster on EEOC-reporting payrolls than in other firms. In the professional and technical fields, EEOC data show blacks with a 14% gain in job growth, as compared with 11% for the total growth of such jobs. In contrast, there was a lag in job growth among blacks in managerial positions. They accounted for 11% of the expansion of managers and officials in the labor force as a whole, but only 7% in the EEOC-reporting firms. Blacks, however, showed a much larger share of new skilled blue collar and all service jobs in the EEOC firms: 27% of craft jobs, as compared with 15% for all firms; and 26% of service jobs, as compared with 11% for all employers combined.

This evidence suggests that firms subject to the requirements of affirmative action, and perhaps involved in the adjustment of claims charging discrimination, acted in ways to produce greater occupational upgrading among blacks compared with firms where equal employment opportunity concern was less important. A similar conclusion can be drawn from other studies of this issue.[13] At the same time, however, it appears that the expansion is much slower in the managerial ranks of the corporate world than among job occupations at the lower end. This means the task of occupational upgrading for blacks remains considerable.[14]

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IV. SOME ISSUES FOR THE 1980's

Looking ahead to the next decade, several potential issues emerge as important determinants of movement toward improved economic opportunity for the black community. Although many forces will affect the pace of progress for blacks in the American economy, three issues will need special attention: 1) intergroup competition in the labor market, b) the emphasis of strategies on race as compared with social class distinctions, and c) special efforts to reverse the steady downward drift in the economic opportunities for black women heading families.

A. Labor Market Competition

Developments in American labor markets are placing strains on the capacity to create and sustain steady improvement in the economic status of blacks. Although hard evidence often is not available, sufficient observations about current trends suggest reasons to be concerned about the potentially unfavorable effects of competition among the rapidly growing numbers of minorities, women, youth, and undocumented workers participating in the labor market. Every effort should be made to accommodate the desires of all persons willing and able to work to be employed in jobs commensurate with their abilities and experience, and at fair rates of pay. The labor force participation rate of women, especially married white women has increased sharply, and promises to continue to rise. If anything, stronger measures should be taken to assure the absence of discrimination against women so that their wages will not be artificially constrained as a result of new female workers being crowded into a narrow set of sex-segregated jobs.

At the same time, it is important to assure that black workers experience improvements in their occupational status at rates at least commensurate with their overall participation in the labor force. Special efforts might be required to protect the access of minorities and women combined to the higher-paying jobs in order to prevent competition between the two from producing inequities that are harmful to the interests of either group.

Much the same can be said about the problem of undocumented workers. Insufficient data are available to estimate the number of such workers now participating in the labor market, but many observers are concerned that job competition has been exacerbated by the rate of illegal immigration. Efforts to better understand the meaning and economic consequences of illegal immigration should be high on the national research agenda in the 1980's, but even before the evidence is clarified, it will be useful for black and Hispanic leaders to seek ways to prevent animosities and hostilities between the two communities arising out of perceived competition over limited job opportunities.

The key to seeking ways for minimizing unfavorable intergroup labor market competition is to recognize much of the current black unemployment problem as a form of structural unemployment. Much of it rests upon decisions by firms to move out of urban areas, to mechanize production techniques, to expend international business activities, and to raise their hiring standards in response to perceived expansion in the size of labor supply. The inexorable force of such impersonal economic maximizing decisions can create disastrous consequences for black workers. In recent weeks, for example, a major domestic steel manufacturer decided to close down several facilities in the Midwest in order to cut production costs. Such decisions display insufficient concern for the human cost of business decisions, and in this case, is especially harmful to blacks because they represent a sizeable proportion of employees in the steel industry.

A second issue of importance for the determination of strategies for greater economic opportunity is the continuing debate over whether the contemporary economic problems of blacks is more a question of race or class. There is no question that race has declined significantly as a separate and distinct barrier to black economic progress in the labor market. There is much evidence that many blacks with good educational credentials, solid work experience, and strong motivation are increasingly experiencing gains in professional, managerial, and skilled jobs with commensurate income gains.

For example, the number of black families with annual income of $25,000 or more increased to more than one half million in 1977. This number accounted for 4.2% of all American families with similar income, a black proportion of total which almost doubled during the 1968 to 1977 decade. Viewed from another perspective, the growth in the number of families in the high income category (above $25,000) was three times faster among blacks (157%) as whites (52%) during the decade. Although such evidence does not suggest blacks have reached the millenium of affluence, it does suggest that many black families are beginning to enter the income categories where changes in life style and economic well being are important.

On the other hand, blacks with poor educational attainment, poor work histories, and limited motiviation have found themselves increasingly worse off. No one would suggest that racial discrimination no longer exists, or that all blacks who are capable of occupational upgrading are receiving the opportunities they deserve. The issue is what strategies are now likely to be most effective in narrowing the remaining gap between black and white income earning potential.

It is clear that a vigorous, healthy economy is a vital ingredient for economic equality. Then, is the failure of national policy makers to strenuously pursue full employment that would benefit blacks an issue of race or class? Is the continuing failure of many school systems to provide quality basic education for millions of black school children an issue of race or class? Then also, is the growing flight of black middle income families from the central cities to suburban areas seeking better schools and security from crime a matter of race or class?

These are troublesome questions that do not lend themselves to easy answers. What seems obvious, however, is that strategies that move beyond race as a central focus will become increasingly important in formulating effective remedies to the contemporary problems of blacks in the American economy. Race discrimination alone is not the only barrier to greater economic opportunity, and little will be gained by failing to confront the issues raised by the changing domain of opportunity for the better prepared black workers, as compared with others who because of persistent unemployment, poor education, poor housing, negative attitudes toward work and toward society at large have become increasingly isolated from economic progress.

Finally, the dreadful condition of families headed by black women should be a matter of serious public concern. Part of the problem is due to marital disruption: proportionately more than twice as many black as white women were separated or divorced (19.9% compared with 7.4%).

When a marriage is broken, nearly half of black families are thrust into poverty. In March, 1977, one of every three black families was headed by a woman. About three out of five of the black families with children were living in poverty.

The women in many of such families are either unemployed or concentrated in low-skill, low-paying occupations. Many others are confined to welfare dependency. In fact, the major divergence between blacks and whites with respect to a specific income source in public assistance and welfare. Blacks recieved 36% of the total welfare payments in 1974, as comapred with 6.8% of total income and with 11% of the nation's total population.

Thus, while the vast majority of blacks as well as whites recieve their income through work (about 83% of each group), blacks are disproportionately subject to welfare dependency. Stated differently, while the number of whites receiving welfare exceeds the number of blacks so situated, the incidence of welfare dependency is much greater in the black community, and is concentrated among families headed by black women.

The major solution to this problem will be welfare reform which emphasizes the preparation of more low-skilled black women for stable, well paying jobs. As indicated earlier, the Supported Work Program has demonstrated the capacity to help achieve this objective. Gains can also be seen among some particpants in the Work Incentive Program (WIN). Such programs must be expanded, and additional efforts must be made to eliminate sex discrimination. An added ingredient for success in dealing with this problem will be the search for ways to reduce teenage childbearing among black youth. Such matters are not within the province of economists, but the consequences of current trends are obvious to any observer.

V. SUMMARY AND CONCLUSION

The review of employment and income trends during the past decade and the identification of some critical issues that should be addressed during the next decade, emphasize the continuing need to place economic equality near the top of the nation's social policy agenda in the immediate years ahead. Despite the best hopes of those who would like to see the nation deal effectively with "the problem of the color line," disturbing inequalities continue to exist between blacks and other in the American economy. The nation has not yet found the way to obliterate such inequalities in American life and some developments observed during the 1970's have raised questions about the nation's will to do so.

After viewing the information developed above, the only reasonable conclusion that one can reach on the eve of a new decade is the same that might have been expressed a decade ago, namely, special efforts directed toward blacks in the American work force will be necessary if the gap in employment and income is ever to be narrowed and eventually erased. Despite comforting hopes to the contrary, there is no process at work within American society that will lead inexorably to a steady and continuing improvement in the relative economic status of the black community.

The nation is now faced with a legacy of racism and discrimination that was consciously developed over many years. The effect of that legacy will be minimized only through conscious, determined efforts that recognize race as a separate and distinct determinant of the domain of opportunity for millions of Americans. Making race an irrelevant factor in the determination of employment and earning opportunities is a task that may be as difficult during the next decade as it has been in every decade in the recent past. The challenge is great but the responsibility is clear; the only certainty is that the struggle for economic equality will go on.

Table 1

Employment Status of Blacks, 1970 and 1979[1/]

Employment Status	Nov. 1979	1970
	(Number in thousands)	
Civilian Labor Force	12,392	9,197
Participation Rate	61.6	63.0
Employed	11,057	8,445
Employment-population ratio	54.9	60.3
Unemployed	1,335	732
Unemployment Rate	10.8	8.2
Not in Labor Force	7,736	5,686

1/ Annual Average 1970 and seasonally adjusted, Nov. 1979

2/ Civilian employment as a percent of the civilian non institutional population (excludes Armed Forces)

Table 2

Total and EEOC-Reported Employment: 1966 and 1974

OCCUPATION	1966						1974					
	Total Employment[1]			EEOC-Reported Employment[2]			Total Employment			EEOC-Reported Employment		
	Total	Black		Total	Black		Total	Black		Total	Black	
	Number	Number	% of Total	Number	Number	% of Total	Number	Number	% of Total	Number	Number	% of Total
Total Employment	67,325	6,487	9.6	25,573	2,087	8.2	81,660	8,588	10.5	31,60[illegible]	3,484	11.6
White Collar	33,068	1,644	5.0	10,997	278	2.5	41,739	2,977	7.1	14,668	868	5.9
Prof. & Technical	9,310	551	5.9	2,834	68	5.3	12,338	970	7.9	3,833	180	10.5
Professional	—	—	—	1,693	22	1.3	—	—	—	2,387	73	3.1
Technical	—	—	—	1,141	46	4.0	—	—	—	1,446	107	7.4
Managers & Officials	7,405	207	2.8	2,084	17	0.8	8,941	379	4.2	3,127	88	2.8
Sales Workers	4,541	138	3.0	1,802	43	2.4	5,417	214	4.0	2,714	149	5.5
Clerical Workers	11,812	748	6.3	4,277	150	3.5	15,043	1,414	9.4	4,994	451	9.0
Blue Collar	26,950	3,300	12.2	12,615	1,357	10.8	29,776	3,748	12.6	14,515	2,043	14.1
Craftsmen	9,589	600	6.3	3,630	132	3.7	11,477	874	7.6	4,227	293	6.9
Operatives	13,829	1,782	12.9	6,507	701	10.8	13,919	2,041	14.7	7,413	1,165	15.7
Laborers	3,532	918	26.0	2,478	524	21.1	4,380	833	19.0	2,875	585	20.3
Service Workers	7,308	1,544	21.1	1,961	452	23.0	10,145	1,863	18.4	2,420	573	23.7

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[1] Excluding private household and farm workers.

[2] Reported to U.S. Equal Employment Opportunity Commission by firms with 100 or more employees.

Source: U.S. Department of Labor, Bureau of Labor Statistics, Manpower Report of the President, April, 1975, Tables A-15, p. 225; A-16, p. 227, and G-10, p. 347.

Footnotes

[1] Robert B. Hill, Widening Economic Gap (Washington, National Urban League, 1979).

[2] Robert B. Hill, The Illusion of Black Progress (Washington, National Urban League, 1978).

[3] William J. Wilson, The Declining Significance of Race (Chicago: University of Chicago Press, 1978). Also Charles V. Willie, The Caste and Class Controversy (New York General Hall, Inc., 1979)

[4] The labor force participation rate is the proportion of persons employed or unemployed among all persons aged 16 or older within a specific age/sex/race group.

[5] See Phylis A. Wallace, Black Women in the Labor Market (Lexington, Mass.; D. C. Health, forthcoming). See also Julianne Malveaux "Shifts in the Employment Status of Blacks", Rockefeller Foundation Working Papers: Bakke, Weber and Affirmative Action, December 1979, pp. 137-170.

[6] See Hill, op. cit., Widening Economic Gap pp. 5-15, for an elaboration of the evidence concerning the widening gap. Additional evidence may also be obtained from U.S. Department of Commerce, The Social and Economic Status of the Black Population in the U.S. 1790-1978 current Population Reports Special Studies Series p. 23, No. 80 (Washington: GPO, 1979).

[7] Alice Rivlin, Director, Congressional Budget Office, "Address before the Conference on Economic Challenges to Western Nation", December 5, 1979, Washington, D.C.

[8] Bernard E. Anderson and Isabelle V. Sawhill (eds.), Youth Employment and Public Policy (New York: Prentice Hall, 1980).

[9] Eli Ginzberg, (ed) Government Job and Training Programs (New York: Basic Books, 1980, forthcoming).

[10] Manpower Demonstration Research Corporation, Final Report on the Supported Work Programs (New York: MDRC, 1980)

[11] C. Mallar, Evaluation of the Economic Impact of the Job Corps (Princeton, N.J.: Mathematica, 1978)

[12] Andrew F. Brimmer, The Economic Position of Black Americans: 1976 (Washington: National Commission for Manpower Policy, 1976), pp. 25-32.

[13] Richard Freeman, "Changing Employment Status of Black Americans," unpublished M.S., Harvard University, Department of Economics, May, 1978.

[14] For a discussion of some special issues related to blacks in the executive suite, see Richard F. America and Bernard E. Anderson Moving Ahead: Black Managers in American Business (New York: Mc Graw-Hill, 1978).

BLACK FAMILIES IN THE 1970's

By

Robert B. Hill

I. INTRODUCTION

The extent of black progress was a dominant — and controversial — theme throughout the 1970's. Early in the decade, in fact, some commentators declared that blacks had made such "enormous" economic progress that over half of all black families were now in the middle-class.[1] Other analysts asserted that the "extraordinary" progress of blacks suggested "a virtual collapse of traditional discriminatory patterns in the labor market."[2] And still others argued that the economic gap between blacks and whites had narrowed to such an extent that class or economic background is now a more significant determinant of black life chances than race.[3] Important segments of the news media regularly reinforced this belief in the "significant" economic progress of blacks through numerous highly-publicized feature stories on the "new" and "rapidly growing" black middle-class.[4]

However, at the same time that the "enormous" economic progress of black families was being trumpeted across this nation, the news media and many commentators were decrying the "deterioration" of black families based on their belief in a steadily increasing welfare-dependent "underclass." The sharp increase in the number of black families headed by women during the 1970's was widely interpreted as the major contributor to the burgeoning black underclass.[5] The soaring unemployment rates of black youth (at a time when joblessness among white youth was declining) was the focus of many feature stories and research studies throughout the decade. Many analysts viewed chronically unemployed black youth as part of a "permanent" underclass.[6]

Which belief is correct? Did black families make "enormous" progress over the past decade? Or did black families significantly retrogress? Did they do both — or neither? And what is the outlook for black families during the 1980's? We will now attempt to determine the factual basis for these beliefs by carefully examining the actual economic and social trends among black families during the '70's and assessing their implications for black families over the next decade.

II. THE ILLUSION OF BLACK PROGRESS

However, in order to properly assess the nature and degree of mobility among black families during the 1970's, it is essential that policymakers, media analysts, researchers and the general public are made aware of common pitfalls in research strategies and analyses that have contributed to the "illusion of black progress."[7]

In fact, because of the widespread acceptance of popular misconceptions about the extent of black progress, many whites have been increasingly resistant to efforts toward racial equality in the areas of education, employment, housing and economic security. Since they do not believe that significant racial barriers currently exist, many whites feel that equal opportunity has already been achieved and there is no need for special efforts on behalf of blacks and other minorities. Thus, increasing numbers of whites are charging "reverse discrimination" and are strongly resisting the use of their tax dollars for social programs on behalf of the poor and minorities. And, most significantly, growing numbers of legislators at the federal, state and local levels are supporting severe cutbacks in expenditures for jobs programs, social services, housing subsidies and other economic supports because they believe that unemployment has been significantly reduced and that blacks and other minorities have made significant economic and social progress. For example, despite spiraling inflation and persistently high unemployment, many respected newspapers and legislators are opposed to an increase in food stamp expenditures because they believe that poverty has been virtually abolished in America![8]

Thus, the controversy about the extent of black mobility over the past decade is not merely of academic importance. On the contrary, widespread acceptance of "the illusion of black progress" is having major political and economic consequences for the well-being of blacks and other low-income groups in this nation.

Three of the research strategies that have contributed to popular misconceptions about the extent of black progress have been:

(a) Focusing on the 1960's rather than the 1970's.

(b) Failure to assess the impact of periodic recessions.

(c) Focusing on individual rather than family mobility.[9]

A. FOCUSING ON THE 1960's

A major reason for different conclusions about the extent of black progress is the use of data from different time periods. Most of the studies heralding a significant improvement in the economic situation of blacks are based on data from the 1960's rather than the 1970's. There is no question but that blacks made significant social and economic gains during the '60's — especially during the latter half of that decade.

During the second half of the '60's, blacks made major social and economic advances in employment, income, education, voter registration, home ownership, election to public office and in the reduction of blacks in poverty.[10] For example, between 1963 and 1969, the unemployment rate for blacks plummeted from 10.8% to 6.4%, bringing the number of jobless blacks down from 864,000 to 570,000 — its lowest level in modern times. At about the same time (from 1964 to 1969), the ratio of black-to-white family income narrowed from 54% to 61% — the smallest gap between black and white families since racial income data were first collected by the Census Bureau. Similarly, by 1969, the number of black families below the official poverty level (1,366,000) declined to its lowest level in recent times.

Thus, the statistical evidence is unmistakable — black families did make very significant economic progress during the 1960's. But what happened to these advances during the 1970's? This brings us to the second deficiency in many research analyses of black progress — the failure to systematically assess the impact of periodic recessions on black mobility.

B. OMISSION OF IMPACT OF RECESSIONS

It is surprising to note that the impact of recessions is just as likely to be omitted from research studies of black progress by economists as well as from research by sociologists and other social scientists. In reading most studies of black progress or black family "deterioration" over the past 30 years, one would never know that this nation had experienced a succession of at least six recessions (1953-54, 1957-58, 1960-61, 1969-71, 1974-75, and 1979-present).

Each of these recessions, however, disproportionately undermined the social and economic gains of blacks. Before blacks had a chance to recover from one recession they were subjected to another. As the Census Bureau's comprehensive overview of black progress from 1790 to 1978 revealed, economic recessions historically eroded black advancement:

> The Great Depression substantially diminished some of the gains (by blacks) made in the first three decades of the 20th Century. For example, during the 1930's, the growth of the black labor force was severely curtailed...
>
> The Census Bureau began collecting income information by race on a continuous basis in 1947. Since then, there has been overall moderate income growth for black families, interrupted by several recessions. From 1947 to 1969...the most pronounced upgrading (36% increase) in the income levels for blacks occurred during the period of 1964 to 1969. Increases were noted during the 1947-53 and 1959-64 periods; however, little or no progress was made during the period from 1953 to 1959 as a result of the 1953-54 and 1957-58 recessions.[11]

Consequently, an adequate assessment of the extent of black progress during the 1970's must incorporate a systematic analysis of the impact of two recessions (1969-71 and 1974-75) — in all of their "last hired, first fired" implications — on black family structure, functioning and mobility.

At the same time that blacks were disproportionately affected by periodic economic recession, they were also disproportionately subjected to soaring inflation. According to classical economic theory, it is impossible to have high levels of inflation and recession simultaneously. But, apparently, no one has informed the American economy of this "fact." On the contrary, while the total number of unemployed persons in this nation jumped by 82% (from 4.3 to 7.8 million) between 1973 and 1975, the cost of living soared by 21%. And by the end of the decade, two-digit inflation had become virtually a fixture of this economy. Thus, proper analyses of black progress must assess the disproportionate impact of inflation as well as of recessions on black families.

C. FOCUSING ON INDIVIDUAL MOBILITY

A third practice of the proponents of "significant" black progress is to focus on the economic advancement of black individuals rather than of black families. This has been most evident in several studies highlighting dramatic economic gains of black women relative to white women and, to a lesser extent, of black men relative to white men. Without question, analysis of the economic gains of black and white individuals is clearly a legitimate and important area of investigation.

However, such studies go beyond legitimate bounds when the mobility of individuals is erroneously used as a proxy for inferring the mobility of family units. For example, most studies of occupational mobility in the U.S. have been invariably based on data confined to men. The exclusion of white women from mobility studies may have had some historical justification, since the overwhelming majority of white families in the past had only one-earner — a male. But black families always have had a strong two-earners tradition. And black women have continually comprised about half of the total black labor force. Thus, studies of the occupational and earnings mobility of black men alone are unreliable and invalid indicators of the actual extent of economic mobility in the total black community.

Moreover, since the surge of white women in the labor force has transformed the majority of white families into two-earner households, there is no longer any reasonable justification in using the economic mobility of white males as the sole proxy for the mobility of white families. Furthermore, studies focusing on male mobility over-estimate the actual extent of economic mobility in the U.S., since the occupational and earnings mobility of women invariably lags far behind that of men.

It is also erroneous to infer that because the earnings gap between black and white individuals may have narrowed, that there has been a similar narrowing of the gap between the incomes of black and white families. Individual mobility is not necessarily translated into family mobility. In short, if one wants to make generalizations about the progress of families, then family households and not individuals should be used as the unit of analysis.

III. EMPLOYMENT TRENDS OF THE '70's

A. Unemployment Patterns

We will now examine the employment patterns of black family heads during the 1970's. The number of unemployed black family heads almost tripled (from 122,000 to 343,000) between 1969 and 1978, while their unemployment rate more than doubled (from 3.5% to 8.3%). Although unemployment among white family heads also rose over the decade because of two recessions, the increase was not as great as it was among black families. While the number of jobless white heads of families almost doubled (from 631,000 to 1,457,000), their jobless rate went up from only 1.7% to 3.6%. Thus, the jobless gap between black and white families widened from 2.1 to 2.3 — one of the largest gaps of the decade.

Families headed by black women were, apparently, one of the most severely impacted groups by the two recessions, since they experienced the largest increase in joblessness among family heads over the decade. In 1969, only 38,000 or 5.6% of all black women in the labor force heading families were unemployed, but by 1978, five times as many (195,000) black women family heads were jobless, with their unemployment rate soaring to an alarming high of 15.4%. At the same time, unemployment among black men heading families doubled (from 84,000 to 148,000), raising their jobless rate from 2.9% to 5.2%. On the other hand, the jobless rate for white female family heads rose from 3.6% to 6.6% between 1969 and 1978, while the unemployment rate for white male family heads only went from 1.5% to 3.5%.

B. Employment Patterns

However, although unemployment among black families rose sharply over the past decade, the number of black family heads with jobs also increased. The total number of employed black family heads increased 4% (from 3.4 to 3.7 million) between 1969 and 1978. Interestingly, all of this increase in employment occurred among black female heads of families, since employment declined among black male family heads over the decade! While the number of black female family heads with jobs jumped by 68% (from 637,000 to 1,069,000) between 1969 and 1978, the number of black male family heads with jobs fell by 3% (from 2,766,000 to 2,698,000).

These opposing patterns of employment were largely due to the fact that the proportion of black families headed by women sharply increased from 29% to 39% over the decade, with a concomitant decline in the proportion of black families headed by men. But these patterns also reflect the greater surge of women in the labor force during the 1970's. This can be seen in the similarity of the employment patterns among white families. While the number of employed white male family heads remained virtually unchanged (at 35.3 million) between 1969 and 1978, the number of white female family heads with jobs soared by 61% (from 2.0 to 3.2 million). There was also a sharp increase in the proportion (from 9% to 12%) of white families headed by women over the decade.

C. Occupational Patterns

To what extent was the increase in employment in black families reflected in upward mobility in jobs? There was indeed an increase in the proportion of black family heads in higher-paying and higher-status jobs — among both males and females. In 1970, the proportion of all black family heads in higher-paying jobs, such as managers (2%), professionals (8%) and craft (9%), was 19%.

By 1978, the proportion of black family heads in those jobs (managers - 4%; professionals - 10%; and craft - 9%) rose to 23%. Among black female family heads, the proportion in higher-paying jobs rose from 14% to 17%, while the proportion of black male family heads holding higher-paying jobs went from 24% to 28%.

There was also some increase in the proportion (from 16% to 19%) of black family heads in moderate-paying clerical (14% to 17%) and sales (remaining at 2%) between 1970 and 1978, But almost all of this increase occurred among families headed by black women (from 24% to 30%), since the proportion of black male family heads in clerical and sales jobs remained the same (at 10%).

However, despite some increase in the proportion of black family heads in higher-paying jobs over the past decade, the overwhelming majority of black family heads today are in lower-paying blue-collar jobs. In fact, the proprotion of black family heads in lower-paying jobs (i.e., operatives, laborers, service and farm workers) declined from only 64% to 59% between 1970 and 1978.

Many recent studies purporting to show a sharp increase in the proportion of black families in the "middle-class" have committed the common fallacy of equating white collar jobs with "middle-class" and most blue-collar jobs with "working class" or "underclass." Consequently, movement of individuals from blue-collar to white-collar jobs is most often characterized as upward economic mobility into the middle-class.

But the major error in placing all holders of white-collar jobs in the economic middle-class is that only a small minority of black white-collar workers have "middle-income" earnings. Only 30% of all black managers and 26% of all black professionals in 1977 earned $15,000 or more a year, for example, compared to only 11% of all black sales workers and 3% of black clerical workers at such levels.

At the same time, these analysts fail to point out that even larger proportions of blacks holding white-collar jobs make poverty-level wages. For example, 67% of all black sales workers and 42% of all black clerical workers had annual earnings under $6,000 in 1977. Similarly, 25% of all black professionals and 29% of all black managers had poverty-level earnings. In other words, there are just as many povery-level workers among black professionals as there are (one-fourth) middle-income workers. Thus, one is no more justified in characterizing all black professional workers as "middle-income" as one would be in describing all of them as "low-income."

Moreover, movement from blue-collar jobs to white-collar jobs should not be arbitrarily assumed to be upward mobility, since many blue-collar jobs have higher earnings than many white-collar occupations. For example, the proportion of black workers earning $15,000 or more in 1977 was twice as high among craftworkers (22%) than among sales workers (11%). And the proportion of middle-income earners among black operatives (10%) was just as high as that among sales workers and three times higher than among clerical workers (3%).

In short, many studies reporting a recent "surge" of blacks in the economic middle-class -- as a result of a sharp increase of blacks in white-collar occupations -- greatly exaggerate black upward mobility because they erroneously include the movement of blacks into low-income white-collar occupations as well. To more accurately assess the extent of black upward economic mobility, such studies should restrict themselves to the movement of blacks into jobs with middle-income earnings -- whether white-collar or blue-collar. Therefore, we will now examine a more accurate indicator of economic mobility -- income and poverty trends.

IV. INCOME AND POVERTY TRENDS OF THE '70's

A. Income Gap

The widening unemployment gap between black and white families during the 1970's led, as might be expected, to a widening of their income gap. In 1969, black families had a median income ($6,063) that was 61% of white family median income ($9,958). By 1978, the ratio of black family income ($10,879) to white family income ($18,368) had declined to 59%. This widening income gap occurred in all regions, except the South. While the black-to-white family income ratio remained at 57% in the South between 1969 and 1978, the gap widened in the Northeast (from 67% to 62%), the Northcentral region (from 76% to 72% and especially in the West (from 75% to 57%).

Between 1969 and 1977, the income gap between black and white families fell from 61% to 57%. Thus, it was only between 1977 and 1978 that there was some narrowing of this gap (from 57% to 59%). Yet, as was noted, the income gap by 1978 was still wider than what it was at the beginning of the decade.

This decline of black family income relative to white family income is in part due to the sharp increase in multiple earners among white families during the 1970's, and the sharp decline in multiple earners in black families. Historically, black families had a higher proportion of two-earners than white families. But, between 1969 and 1978, the proportion of black families with two or more earners fell steeply from 56% to 47%, while the proportion of white families with two or more earners rose from 54% to 57%. Thus, today, there are more two-earner white than black families.

B. Impact of Inflation

What impact did inflation have on black family income during the 1970's? Black families were disproportionately affected by the spiraling inflation of the '70's. While real white family income (adjusted for inflation in 1978 dollars) rose by 4% between between 1969 and 1978, real income among black families barely kept up with inflation — rising by only 1%.

Most of the gains in real income among black — and white — families occurred in families headed by men. While real income among families headed by black women fell behind inflation by 3%, real income among families headed by black men rose sharply by 22%. Similarly, although real income among families headed by white women declined by 1%, real income in families headed by white men rose by 5%.[12]

A major reason why the income in families headed by men was able to keep up with inflation was the sharp increase in working wives among both blacks and whites. While the proportion of working wives in black husband-wife families rose from 53% to 60% between 1969 and 1978, the proportion of working wives in white husband-wife families jumped from 38% to 47%. In fact, the presence of a working wife is becoming essential for black and white families in order to achieve or maintain an economically "middle-class" standard of living.

C. The Black Middle-Class

How did the black middle-class fare during the 1970's? To what extent, in fact, was there a surge in the size of the black middle-class?

Before we can answer these questions, however, we must have a definition of "middle-class" that can be subjected to statistical measurement. Unfortunately, most of the controversy around this subject has involved vague references to various categories of blacks such as "bourgeoisie," "structurally unemployed," or "underclass" without specifying the nature and size of such groupings. One can hardly document the significant advancement of blacks in the middle-class if that group is ambiguously defined — or not defined at all.[13]

As noted above, the most widely-used operational definition of "middle-class" is to include all persons holding white-collar jobs. But, as was pointed out, such a definition includes large numbers of white-collar workers with poverty-level wages. Movement into higher-status jobs, such as professionals, sales, managers, etc., does not necessarily mean movement into higher-paying jobs. Consequently, we contend that movement into a higher paying job — whether white-collar or blue-collar — should be used as the basic criterion for assessing upward economic mobility.

Therefore, we recommend the use of the economic criteria provided by the U.S. Bureau of Labor Statistics (BLS) three standards of living for families: higher, intermediate and lower. Each year BLS prepares — and adjusts for inflation — budget costs for "typical" urban families of four at three different standards of living. The estimated food consumption costs for families at the "lower" budget level, for example, are based largely on the Agriculture Department's emergency food plan for poor families, which the Department concedes does not provide nutritionally adequate diets for three-fourths of the families at that level. The intermediate or moderate budget level, however, more closely approximates the standard of living of the "average" American family. Therefore, the National Urban League Research Department regularly classifies all families with incomes above the BLS intermediate level as "middle-income" or "economically middle-class."

In 1969, 24% of all black families had incomes above the BLS intermediate budget level of $10,064, while 25% of all black families had incomes above the BLS intermediate level of $18,699 in 1978. Thus, the proportion of black middle-income families (adjusted for the impact of inflation) remained relatively unchanged at one-fourth. Similarly, among whites, the proportion of middle-income families remained unchanged (at 49%) over the decade.

However, there was some increase in the proportion of upper-income black families by the end of the decade. Between 1969 and 1978, the proportion of black families above the higher BLS levels (of $14,574 in 1969 and $22,420 in 1978) rose from 9% to 12%. But this "rise" masks the fact that 12% of black families had incomes above the higher BLS level in 1972 and 1973 -- before the onset of the devastating 1974-75 recession. Since that time, the proportion of upper-income black families steadily declined to 9% by 1977. In other words, all of this increase in the proportion of upper-income black families really occurred over a one-year period (between 1977 and 1978) at the end of the decade. Since a new recession began in 1979 and is expected to worsen in 1980, it is very likely that there may be some shrinking of the proportion of middle-income and upper-income black families at the beginning of the decade of the '80's.

D. Poverty Trends

At the same time that blacks are said to be surging into the middle-class, the proponents of significant black progress also contend that there is a growing -- and permanent -- black underclass. In order to account for these divergent trends among blacks, the theory of two black societies has emerged and received widespread media acceptance. According to this notion, at the same time that the economic gap between blacks and whites is narrowing, the cleavage between the black middle-class and underclass is widening. Has the number of low-income black families increased or decreased during the 1970's? And to what extent is there statistical evidence to support this theory of a widening economic cleavage in the black community?

Unfortunately, it has not been easy to verify the validity of the notion of a growing black underclass because of the failure of many analysts to clearly define the composition and size of this "underclass." Since there is at least consensus that poverty-level and welfare families are part of this grouping, we shall examine those patterns among low-income black families.[14]

Black Underclass

There was indeed a sharp increase in the number of poor black families during the 1970's, while the number of poor white families went down. While the number of poor white families declined by 2% (from 3,575,000 to 3,523,000) between 1969 and 1978, the number of poor black families rose by 19% (from 1,366,000 to 1,622,000). However, since the total number of black families increased just as fast, the proportion of all black families that are poor remained unchanged (at 28%) throughout the decade. On the other hand, the proportion of poor white families declined from 8% to 7% between 1969 and 1978.

Because of the sharp rise in the number of black families headed by women, they accounted for all of the increase in the number of poor black families over the decade. While the number of poor black families headed by men fell by 34% (from 629,000 to 414,000) between 1969 and 1978, the number of poor black families headed by women soared by 64% (from 737,000 to 1,208,000). However, because the total number of black families grew faster than the number of poor black families, the proportion of poor black families headed by women went down from 53% to 51%, as did the proportion (from 18% to 12% of poor black families headed by men.

In short, if one uses the number of poor families as an indicator, there is strong evidence to support the assertion that the number of black families in the underclass has significantly grown over the past decade. However, using the proportion of poor families as the base, one would have to conclude that the percent of underclass black families remained unchanged throughout the '70's. This latter conclusion also lends support to the notion of a permanent — and unchanging — underclass among blacks.

To what extent do welfare trends among black families correspond to these poverty patterns? There was indeed some increase in the proportion of black families receiving public assistance during the decade. Between 1969 and 1977, the proportion of all black families receiving welfare rose from 18% to 23%. While the proportion of male-headed black families receiving public assistance declined from 10% to 7%, the proportion of female-headed black families on welfare increased from 38% to 46%.

It should be noted, however, that these data strongly contradict the popular belief that the majority of black families are dependent on public assistance. Despite two devastating recessions during the 1970's less than one-fourth of all black families — and less than one-half of all black families headed by women — were on public assistance by the end of the decade.

On the contrary, the overwhelming majority of both male and female-headed black families depend on earnings and not welfare as their primary source of income. By 1977, 91% of male-headed black families and 68% of female-headed black families relied on earnings income. Unfortunately, this was a decline from the beginning of the decade when 93% of male-headed black families and 73% of female-headed black families depended on their earnings.

Many analysts attribute the increasing poverty among blacks to the rise in the number of black families headed by women. This assertion is only partly true. A more accurate explanation for the rise in poverty is the increase in the number of black families headed by unemployed women. Black families headed by women are finding it increasingly difficult to obtain meaningful employment. In fact, as was noted earlier, black women heading families are three times more likely to be unemployed today (15.4%) than they were (5.6%) at the beginning of this decade.

The disproportionate poverty status of families headed by black women is primarily related to their unemployment status. Only 27% of employed black women heading families were poor in 1977, compared to 75% of unemployed black women heading families. Thus, the chances of black women family heads being poor continue to be only one out of four when they have jobs, but their chances of being poor are three out of four when they are unable to obtain work. Thus, there is a vital need for intensive governmental efforts to provide female family heads with meaningful job opportunities in order to prevent thousands of families from falling into poverty.

In sum, there is strong evidence to support the view that the number of low-income or "underclass" black families has increased over the past decade, while the proportion of low-income black families has remained relatively unchanged. However, since the proportion of middle-income black families remained virtually unchanged during the '70's, there does not appear to be strong evidence for the notion of a widening economic cleavage in the black community.

V. SOCIAL TRENDS AMONG BLACK FAMILIES

The heightened economic insecurity from two recessions and record-level inflation had some important consequences for the functioning and stability of both black and white families in America. One of the most visible manifestations has been the rise in the number of one-parent families due to divorce and separation. Between 1969 and 1978, the total number of divorces in the U.S. almost doubled (from 639,000 to 1,128,000).

A. Single Parent Families

Contrary to popular belief, families headed by divorced or separated women increased faster among whites than blacks. The number of families headed by divorced or separated women increased twice as fast among whites (by 121%) between 1969 and 1978 than among blacks (by 65%).

Moreover, while the number of families headed by widowed white women declined by 3% between 1969 and 1978, the number of families headed by widowed black women rose by 15%. But, most significantly, the increase in families headed by single women was five times greater among blacks (257%) than whites (57%).

A disproportionate amount of the increase in single parent families was due to a sharp increase in out-of-wedlock births among both black and white young women over the decade. While the number of out-of-wedlock births by black women increased by 49% between 1969 and 1977, the number of out-of-wedlock births by white women rose by 35%.

It should be noted, however, that because of overall declining fertility rates of all women, the total number of live births to white women declined by 10% between 1969 and 1977, while the total number of live births to black women remained about the same (at 543,000) over that period of time. In other words, the number of out-of-wedlock births among both black and white women grew at a much faster rather than the number of in-wedlock live births. This is why in several cities, such as Washington, D.C. and Chicago, over half of the total births of black women are out-of-wedlock.

The increase in out-of-wedlock births is greatest and most severe among teenagers. While the illegitimacy rate among black women 15-19 years old rose from 90.6 to 93.3 for every 1,000 unmarried black women in this age group between 1969 and 1977, the illegitimacy rate among white women 15-19 years old increased ten times as fast, from 10.0 to 13.6 for every 1,000 unmarried white women in this age group. Nevertheless, the illegitimacy rate among black teenagers is still more than six times greater than the rate among white teenagers.

Moreover, contrary to popular belief, the overall illegitimacy rate has been steadily declining among black women, while steadily increasing among white women of child-bearing age. While the illegitimacy rate among black women fell by 7% (from 90.6 to 84.5 per 1,000 unmarried black women of child-bearing age) between 1969 and 1977, the illegitimacy rate among white women rose by 2% (from 12.5 to 13.7 per 1,000 unmarried white women of child-bearing age). But, once again, it should be noted that the overall illegitimacy rate for black women is still six times greater than it is for white women.

The sharp increase in unwed teenage mothers among both blacks and whites clearly indicates a vital need for more intensive family planning efforts as well as preventive sex education programs. One of the concerns about the increase in out-of-wedlock births to young mothers is the extent to which such families become habitually dependent on public assistance.

Contrary to the popular belief that black families that receive welfare remain on public assistance, black women heading families are less likely to receive welfare the older they are. Less than half of black families headed by women under 25 are on public assistance, compared to about one-fifth of black families headed by women 55 years and over. Most significantly, black teenage mothers are least likely to be on welfare. Since the overwhelming majority (85%) of them live in extended family households, they often have to move away from relatives in order to qualify for many social services. Such insensitive and anti-family policies should be modified in order to reinforce and strengthen the informal self-help supports to teenage mothers provided by relatives.

B. Family Strengths

A proper overview of black families during the 1970's must examine their strengths as well as their weaknesses. In 1971, the National Urban League Research Department issued a monograph entitled *The Strengths of Black Families*. That report focused on five positive attributes that characterized the majority of low-income as well as middle-income families: strong kinship bonds, strong work orientation, flexibility of family roles, strong achievement orientation and strong religious orientation. These five factors have continued to be major determinants of stability and advancement among low-income and middle-income black families during the 1970's.[15]

Strong Kinship Bonds

Perhaps the most influential factor over the past decade has been the black extended family. Relatives provided many forms of mutual assistance during the hard economic times of the '70's. This was reflected in the sharp increase in "doubling-up" or the moving in of female-headed families into the households of relatives during the 1974-75 recession. Between 1973 and 1975, the proportion of black children living with their mothers in the households of relatives jumped from 30% to 39%.

According to conventional wisdom, the extended family is supposed to have virtually disappeared from the American scene. Not only has this family form not become extinct among black families, but there was a strong revival of the black extended family during the 1970's. While there has been a sharp decline in the number of black families from different generations living in the same households, the vital support provided by relatives living in different households has not diminished.

For example, the proportion of black children informally adopted or absorbed into the households of grandparents, aunts and uncles, and sisters and brothers increased between 1970 and 1978 from 13% to 15%. Thus, there are about 1.4 million black children living in extended family arrangements today. And this does not include the millions of black children who reside for shorter periods of time with relatives who provide low-cost day care services for parents who are working, temporarily ill or institutionalized.

Moreover, as the NUL study, Informal Adoption Among Black Families (1977) pointed out, by providing informal day care, foster care and adoption services, black extended families have been instrumental in enhancing the social and economic well-being of thousands of black families. For example, many teenage mothers would not have been able to finish their schooling — and many older single parents would not have been able to work — had it not been for the concern and support of relatives.[16]

Furthermore, during a decade when child abuse has been rising sharply among white families, the extended family network appears to be reducing its impact in the black community. Since low-income and minority families are over-represented in official statistics on abused and neglected children, it is widely-believed that black children are more likely to be abused than white children. But systematic studies of child abuse have revealed that child abuse is more likely to occur in white families than in black families living in similar or worse economic circumstances. The extended family serves as a buffer against child abuse, since a potentially neglected or abused child is often removed to a more wholesome environment. However, child abuse is more likely to occur in families that are isolated from relatives. Thus, the child abuse and neglect in the black community during the '70's was lower than would have been expected on the basis of its greater economic deprivation because of the extended family.[17]

It is important to note, however, that the black extended family has never been restricted to blood relatives. It has always included "fictive kin" or close friends who perform such roles as "granny," "auntie," or even "mother" or "father" more effectively than natural kin. Such fictive kin increasingly belong to black extended family networks in urban and northern communities where families may live far distances from relatives. Furthermore, scholars such as Harriet McAdoo have clearly shown that extended families not only enhance the functioning of low-income black families, but middle-income families as well.[18]

Work Orientation

Despite two recessions and spiraling inflation, the work commitment of black heads of families did not decline over the past decade. The sharp rise in female-headed black families, for example, is commonly believed to be due to an increase in women who are not looking for work. But the fact is that these women are more work-oriented: the proportion of black female family heads in the labor force rose sharply from 51% to 56% between 1969 and 1978. Or, conversely, the proportion of black female heads not working and not looking for work dropped from 49% to 44%.

In addition, the American public still does not fully realize that welfare is the last resort, and not the first, for the overwhelming majority of black families. This is why over three-fourths (77%) of all black families and over half (54%) of all black families headed by women today do not receive any public assistance. Moreover, contrary to popular belief, half (45%) of all poor black families are not on welfare! Very little interest has been shown in determining why over 700,000 black families that are economically eligible for welfare do not receive any public assistance. Some of these poor families, as noted earlier, are being unjustly denied vital social services because they live in extended family households. But closer observation reveals that the strong self-reliance of many of these poor families cause them to receive economic support from relatives and friends rather than from public welfare agencies.

But there was one subgroup in black families that experienced an extraordinary amount of job discouragement during the 1970's — black youth. The persistent unavailability of jobs forced many black youth who want employment to give up actively seeking it. Thus, there was a marked decline of black young men in the civilian labor force (i.e., either working or actively looking for work). Between 1969 and 1978, the proportion of black men, 18-19 years old, in the labor force declined from 63% to 60%, while the labor force participation rates of black men, 20-24 years old, fell more sharply from 84% to 78%. At the same time, the participation rates rose among white men, 18-19 (from 66% to 73%) and among white men, 20-24 (from 83% to 87%).

Some commentators contend that the persistent high unemployment levels among black youth are primarily due to educational deficiencies. But research studies consistently refute the notion that lack of education is the primary factor, since job opportunities are greater for white youth with lower educational attainment. White high school dropouts have lower unemployment rates

(16.7%) than black youth with some college education (21.4%) and about the same jobless rates (16.5%) as black college graduates.[19]

Role Flexibility

All American families experienced greater flexibility and interchanging of roles during the 1970's: mothers assuming some of the traditional roles of fathers; fathers performing some of the traditional functions of mothers; and children performing parental functions. This increased role flexibility and adaptability was most evident in the growth of families headed by women who were the primary breadwinners of their households.

Traditionally, families headed by women have been characterized as "broken," "disorganized" or "pathological." In fact, statistics related to female-headed families are often simplistically used as "proof" of the "disintegration" of black families. But it is erroneous and unwarranted to prejudge the functioning or cohesion of a family solely on the basis of the number of heads of households.

On the contrary, many research studies have revealed that: (a) two parents do not make a family intact any more than having one parent makes it "broken," and (b) that many one-parent families are more intact than many two-parent families. These findings are reinforced by the fact that children are running away faster from "intact" two-parent families in the suburbs than "broken" one-parent families in the inner-cities. Furthermore, there must be some lack of cohesion in many two-parent families, since about one-third of them end in divorce or separation. Thus, the cohesion of a family is determined by the quality and intensity of the relationships among family members and not by whether or not a father is present in the home. Because families are headed by female breadwinners is no justification for presuming their inability to function effectively.

On the other hand, there appears to have been some diminution in the traditional equalitarian sharing of roles in black families as blacks have moved up the educational and economic ladders. The enhanced occupational role of black women has led to greater tension in male/female relationships, especially among the middle-class. Many higher-educated black women observe that many black men are resistant to adopting equalitarian role patterns. As a result, there was a sharp increase during this decade in conferences, workshops and publications designed to enhance the sensitivity of black men and women toward one another.

Achievement Orientation

The strong achievement orientation in black families was evident in the sharp increase in high school graduation and college enrollment among black youth during the '70's. As the proportion of high school dropouts among black youth, 18-24 years old, dropped from 33% to 25% between 1970 and 1978, the proportion of black youth graduating from high school rose from 44% to 48%.

Moreover, while only 35% of the black high school graduates in 1970 went on to college, 42% of them went on to college by 1978. Thus, the proportion of black 18-24 years old in college rose from 15% to 20% between 1970 and 1978. However, among white high school graduates, there was a decline in the proportion going to college (from 50% to 45%) between 1970 and 1978. Thus, black high school graduates are just as likely as white high school graduates to go on to college today.

This strong achievement orientation of black youth is just as prevalent among those coming from one-parent families as it is among those coming from two-parent families. Contrary to patterns among white youth, research studies have consistently found that black youth from one-parent families are just as likely to go to college as youth from two-parent families. These findings provide further evidence against the popular presumption of the negative functioning of families headed by women.[20]

Religious Orientation

Since a religious orientation or perspective is not readily amenable to quantitative measurement, it is not possible for us to be precise about its influence on black families over the past decade.

Nevertheless, it appears that the black church continues to play a major role in black communities across the nation. Each Sunday it continues to attract the largest number of blacks at one time. In some communities, cutbacks in funds for social services and community action agencies have led many black churches to assume their historical role as a key provider of social, psychological and economic support to black families.

Moreover, the black ministry continues to be in the vanguard of the struggle on behalf of blacks: Rev. Benjamin Hocks, Executive Director of NAACP; Rev. Jesse Jackson, President of Operation PUSH; Rev. Joseph Lowery, President of SCLC; Rev. Leon Sullivan, Chairman of OIC, etc. However, this leadership is increasingly being shared with growing numbers of black elected officials.

Overall, it appears that the religious factor has continued to exert the same influence on blacks it has for decades.

VI. SUMMARY

Some of the highlights of our analysis of the economic and social trends among black families during the 1970's are summarized as follows:

1. The strong economic gains of black families during the 1960's were eroded by two recessions, record-level inflation and the "benign neglect" policies of the Nixon-Ford Administrations.

2. The unemployment and income gaps between black and white families widened during the '70's. While the unemployment gap between black and white heads of families widened from 2.1 to 2.3 between 1969 and 1978, the ratio of black to white family income fell from 61% to 59%.

3. Families headed by black women were one of the most severely impacted groups over the past decade. Five times as many black women family heads were jobless in 1978 (195,000) than in 1969 (38,000), with their jobless rate soaring from 5.6% to 15.4%.

4. Many studies reporting a recent "surge" of blacks in the economic middle-class -- as a result of a sharp increase of blacks in white-collar occupations -- greatly exaggerate black upward mobility because they erroneously include the movement of blacks into low-income white-collar occupations as well.

5. The proportion of economically middle-class black families did not significantly increase during the '70's, but remained relatively unchanged. One-fourth of all black families had incomes above the Labor Department's intermediate levels in 1978 and 1969.

6. There is some support for the notion of a growing -- and persistent -- "underclass" among black families. While the number of poor families among blacks increased by 19% between 1969 and 1978, the proportion of poor black families remained at 28%.

7. But we found no support for the belief in a widening economic cleavage in the black community, since there was no increase in the proportion of middle-class or low-income black families.

8. Black extended families continued to provide vital services in such areas as day care, foster care, adoption and preventive child abuse to one-parent and two-parent families as well as to middle-income and low-income black families.

9. Black families continue to be characterized by five strengths: strong kinship bonds, strong work orientation, flexibility of family roles, strong achievement orientation and strong religious orientation.

VII. FORECASTS FOR THE 1980's

What is the outlook for black families over the next decade? Based on our analysis of past and current trends, we offer the following forecasts:

1. Since the current recession is predicted to worsen in 1980, it is very likely that there will be at least two recessions during the '80's. Such recurring recessions will undoubtedly mean a continuation of disproportionate high levels of unemployment among black workers.

2. Slow job expansion can be expected to generate increased competition for jobs from such emerging groups as white women, Hispanics and Asians. Between 1974-77, blacks obtained only 5% of the new jobs in private industry, while over half (53%) went to white women, 26% went to white men and 12% went of Hispanics.

3. The number of blacks in higher-paying and higher-status jobs such as managers, professionals and craft should reach all-time highs over the next decade. But the continuing soaring inflation is expected to erode the living standards of many middle-income as well as low-income families.

4. The proportion of black families headed by women will continue to increase, but their adaptability and capacity to function effectively will be significantly enhanced.

5. Extended families will continue to play influential roles in providing vital social and economic support to middle-income and low-income black families.

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THE STATE OF SOCIAL SERVICES IN THE BLACK COMMUNITY: A TEN YEAR PERSPECTIVE

By

Georgia L. McMurray

I. INTRODUCTION

For black Americans, the 1970's have been marred by a public ambivalence and, to some extent, resistance to extending the social and economic gains of the previous decade. Programs to eradicate poverty in the U.S. are given low priority now despite continuing evidence that poor and minority persons still have insufficient means to provide their food, shelter, clothing and health care. Two primary factors are contributing to this shift in the U.S. social policy agenda: the negative impact of persistent inflation/recession and unemployment and an emerging conservatism which encourages political leaders to limit the expansion or coverage of social programs.

The 1960's indeed represented a watershed in U.S. social policy. It was through the War on Poverty legislation of the 1960's that black Americans made major strides in improving their social and economic status. Until then, publicly financed social services, except for education, were expected to be available only as a temporary measure when private means failed and until they could be reinstituted. Because of the demands for greater social equity for the poor generated in the 1960's, a redefinition of public responsibility for the poor occurred. This redefinition was based upon a recognition that, with increasing urbanization and technological advancement in the U.S., many individuals, a disproportionate number of whom were black, now suffered the loss of private support either familial or through employment. For them, poverty had become a way of life. Despite the great spate of legislation enacted at that time, poverty fueled by racism and sexism persists in the U. S.

Because of this, social services, including income and personal support programs, housing, health, employment as well as education, are increasingly viewed, particularly by black Americans, as necessary public strategies for resolving the continuing problems of economic dependency and family instability. The eradication of poverty continues to be deemed a worthy public policy goal but the articulation of this in social legislation over the past few years reflects this society's ambivalence about its responsibility for the poor. Public programs for the poor and particularly their goals have oft-times been expressed in an inconsistent and sometimes contradictory manner. The experiences of the 1970's in carrying forward the War on Poverty programs of the 60's have made this goal confusion explicit.

The rapid growth of Aid to Families with Dependent Children (AFDC) in the 1960's, for example, due to liberalized administrative procedures and shifts in population distribution, triggered Congressional demands to limit the program by forcing parents to work, but no adequate provision was made to assure adequate child care or an increase in payments at least up to the poverty level despite the stated goals of the enabling legislation. Similarly, Medicaid and Medicare were enacted because of the recognition that poor health was an obstacle to economic opportunity, and a contributing factor to the financial dependency of old age; yet, the benefits of these two programs were limited to only certain groups of the very poor or those 65 and over.

In part, the 1970's response to extending social legislation has rested upon criticism about poorly-executed public policy providing a rationale for those opposed to social advancement to scuttle the hard-won policy battles of the years before. By the beginning of the 70's, demands for fiscal accountability through better documentation of program effectiveness were being translated into a policy bias against categorical programs and culminated into the 1972 General Revenue Sharing Act which, by all accounts, has been less redistributive to poor communities. This legislation which allocates over $6.7 billion each year to state and local governments has served to perpetuate discrimination against minorities and has resulted finally in less money being available to expand social services, particularly cash assistance and personal support programs such as day care.

Even with the protracted debates over the purposes of social services programming, however, expenditure outlays for the various services have grown and now continue at over 50% of the federal dollar — from 47% in 1972 to 52% in 1974, including Social Security benefits reflecting increased numbers of Social Security beneficiaries as well as the rising cost of medical care. Black Americans are major recipients of these funds because they disproportionately represented among the ranks of the economically and socially debilitated, the two groups social services have traditionally been designed to aid.

In 1978, for instance, black Americans were 12% of the total U.S. population (25.4 out of 260 million persons) but comprised over one-third of those with incomes below the poverty level. Thus, poverty continued to be a critical distinguishing feature of the black experince in the U. S. Over 7.7 million blacks, about one-third of the black population, lived in poverty compared to a rate of 9% for whites. In addition, blacks were the most urbanized of all ethnic groups in the U.S. Over 75% lived in metropolitan areas in 1978 and 55% were in the central cities. Whether concentrated in the cities or isolated in rural areas, the need for adequate income, decent housing, assistance in caring for the young, the elderly or otherwise dependent has continued.

Black income generally did not rise during the latter part of the 1970's although two-parent family income increased slightly (4%). Many of the black poor were children and they usually lived in one-parent families headed by a woman. In 1978, 39% of the 5.8% million black families were headed by a woman alone—an increase from 35% in 1975—and almost 50% of all black children lived in these homes. Of the 1.6 million black families below the poverty level in 1977, 51% were headed by women, a rate that has remained constant for most of the 70's.

According to the U.S. Department of Labor, in the 1970's, the greatest percentage increase in woman's labor force participation occurred for those with pre-school children, and the number of women who were the only wage earner in the family rose to the highest level ever recorded in the U.S. As of 1978, 16. 1 million women with children under age 18 were in the labor force, an increase of 17% from 1970; for women with children age 6 and under, the number totalled 5.8 million, a percentage increase of 14% from 1970. Many of these working mothers were black.

Poverty associated with female-headed families now constitutes one of the more complex and critical public policy issues facing this society. The needs of these families should be deemed both immediate and long-range and they bring the policy debates around social services into sharp relief; for instance, what should be the public stance toward working mothers particularly those who are single parents? What should be the trade-off between income support and employment programs? What about the provision of child care for working parents? Who should be the primary client: the child or the family? Should public support for child care be universally available--similar to public education, or should it be a welfare related program? Should the government foster the expansion of supply as well as the demand for child care? Nowhere do these issues become more critical than in discussions of welfare reform.

II. WELFARE REFORM

By any rule or measure, no one is content with the current welfare system. Clients view it as oppressive, bureaucrats consider it an administrative monstrosity and the public condemns its costs and coverage. Proposals to reform the system over the past ten years have reflected these various points of view. Early in the Nixon Administration, the ill-fated Family Assistance Plan (H.R. 1) was proposed as a way out of the welfare mess. This plan set forth, for the first time, a national minimum standard for assistance to be federally-financed and administered. After extended debate over the low standard level, ($1600 for a family of four) the provision to force women with young children to work and the feasibility of a federal assumption of the welfare program, the plan was abandoned. Those provisions dealing with the aged, blind and disabled were folded over into the federally administered Supplemental Security Insurance enacted in 1971. This program now has 4.2 million recipients.

In 1974, Congress passed, through Senator Russell Long's urging, provisions to locate and enforce "missing fathers" to support their children receiving AFDC.[1] Hailed as a cost containment measure by conservatives, this new amendment to the Social Security Act (Title IV-D) was viewed by others as undue harassment of families on AFDC or as a deterrent to otherwise eligible applicants.

No overall strategy at the executive level to deal with welfare for families with children was resumed, however, until 1976 when President-Elect Carter chose this issue as a top priority concern for his incoming administration. An intensive study and outreach strategy was soon initiated to establish parameters for forthcoming welfare reform proposals. After considerable hoopla interrupted by a series of delays, the plan was finally revealed in 1977 calling for a massive jobs and income program (HR 9030) by increasing to 1.4 million the number of publicly subsidized jobs and extending supplemental assistance and tax credits to the working poor. Congressional resistance to the costs and extension of benefits brought the Carter plan to a halt.

During the debate, Vernon Jordan, President of the National Urban League, sharply critized the 1977 Carter plan as ill-conceived. In his keynote address before the League's annual conference, he pointed out:

> "The basic outlines of the Administration's package have been made public, and they indicate that a real change is not in sight. Although the reform was to result in a system that would be equitable, simple to administer, promote family stability, and help the poor, we are likely to have to fight a plan that is inequitable, an administrative nightmare, promotes family instability and leaves many poor people worse off.
>
> This plan founders on major conceptual flaws. Among them are the mandates to keep a ceiling on costs no greater than present welfare-related programs, categorization of the poor, and a work requirement. Such measures would continue to stigmatize poor people while perpetuating negative myths abouth the poor. And a bad plan may be made even worse. There was one proposal to eliminate the federal housing subsidy program in order to transfer the money to the welfare program, a step that makes no sense at all. It would have destroyed already under-funded federal housing programs while further distorting welfare reform and like other elements of the welfare reform plan, it would take from some poor people to give to other poor people.
>
> The core of the welfare reform proposal links work to welfare, and thus perpetuates the vicious myth that poor people don't

> want to work. The fact is that poor people do want to work and do work. The fact is that poor people are as work-oriented as middle class people."

A much reduced Administration welfare reform bill has now passed the House (HR 4904) and is before the Senate where its chances for passage are considered to be less likely. The Carter bill provides for a $5.5 billion welfare package which includes fiscal relief to the states and a national minimum standard of 65% of the poverty level. Senator Long and Rep. Rousselot on the other hand, are pressing for a block grant approach to welfare reform whereby states would design their own welfare plans and no national eligibility or benefit standards would be established.

New Welfare System Proposed

In considering welfare reform, the National Urban League has proposed five goals which should characterize a new welfare system:[2]

1. the system should be adequate, equitable and universal
2. the system should be federally administered and funded
3. the benefits should not be work conditioned
4. the benefits should be cash rather than in kind
5. the goal of the new program should be income maintenance

Reviewing the new Carter welfare plan (HR 4904) within the context of the NUL position, several shortcomings can be identified. Most critically, welfare programs for families with children remain state-administered thus perpetuating the bureaucratic overlays which now characterize the current system. Administrative overhead costs for AFDC are almost 7% three times that of the Social Security program which is federally administered. Fiscal relief is granted to the states (rather than federal assumption of funding) because of the anticipated reduction in assistance as a result of the expanded jobs program (618,000 public sector jobs) and the increases in the federal matching share. Public assistance is still work-related with mandatory enrollment of all adult applicants/recipients except single parents of children 6 years of age, the second parent in a two-parent family and the incapacitated. Poor two parent families, employed or not, are covered either through Aid to Families with Dependent Children - Unemployed Fathers (AFDC-U) for families with an unemployed father in the home or by extension of the earned income tax credit.

Certainly the Carter plan does not provide the major overhaul the welfare system so desperately needs. For the almost four million families now receiving AFDC, 50% of whom are black, some relief may be offered through the bill now under Congressional debate, particularly if they reside in 13 southern states, including Louisiana, whose combined food stamps and welfare benefits are below $4700 a year (65% less than the poverty rate). Those who live in the urban areas of the Northeast will do less well because their current benefit levels are generally at a par with the proposed changes.

Welfare reform is thus caught in a number of intractable issues: Federal vs. states' rights, regional variation in cost-of-living, the relationship of employment to economic solvency, the responsibility of parents to support and care for their children and, not least of all, the cost.

Yet, in considering the complexity of these issues, the basic question seldom emerges. Can the U.S. commit itself to eradicating poverty particularly if this condition is to be defined in relative rather than absolute terms? Of course, a minimum level of subsistence can be established such as the poverty level below which no individual or family would be allowed to exist. This perspective is reflected by and large in the recent welfare proposals. But there is another side of the question. Poverty can also be considered as a "symptom of broad social inequality, not as state in itself."[3] Viewing poverty in relative terms, social programs would have to deal with distributional effects, i. e. altering maldistribution in resources and benefits among families in the U. S.

The National Urban League because of its long and deep commitment to achieve social justice and equity for black U.S. citizens has maintained welfare reform as a top program priority. In pressing its proposal for a universal refundable credit income tax, the NUL stresses the need for a clear reform of the welfare system to assure that no person in the U.S. has income below the official poverty line. The first line of attack is, therefore, and rightly so, to be absolute poverty, but, hopefully, in due recognition that this will not change the widening gap between the poor and non-poor in the U.S.

The black community has not, until now, clearly identified its interests in dealing with the realtive poverty that exists in this society. Closing the economic gap, through explicit proposals to redistribute wealth as income in the U.S. has to become central to the black policy agenda. It is contrary to the interest of most black Americans to support continued taxation policies which leave capital gains and other measures of private wealth relatively untouched. Most alarming now is the concerted effort to decrease or even remove property from the public tax rolls. Unless the black community begins to speak more forthrightly on issues of taxation at the federal as well as state and local levels, public resources for eradicating absolute poverty will continue to dwindle and opportunities to deal with the widening economic gap will be lost.

III. SOCIAL SECURITY REFORM

The burgeoning criticisms of Social Security during the 1970's has represented one of the more significant shifts in public posture toward government programs to eradicate poverty; direct evidence that even the most worthy of social programs can be questioned. Enacted in 1935, this milestone legislation designed to minimize poverty among old and young dependent persons has done just that; but, with increasing costs and expanded coverage, Social Security is now under wide attack.

Over the years, and particularly between 1970 and 1976 in response to the growing militancy of the elderly, Social Security has been amended to expand coverage, liberalize eligibility and raise benefits. As a result of these changes, Social Security benefits, as of 1976, were paid to 33 million persons with a cash benefit total of $76 billion (4.5% of the Gross National Product). Criticisms of the program first began to surface because of expressed fears that expenditures would soon exceed the income generated by employer/employee contributions. The reports of the Social Security Trust Fund itself have projected that the reserve Trust Funds would be exhausted by the 1980's.

Underlying these concerns, however, are ideological strains as to whether Social Security should be an insurance or social assistance program, whether general revenues should be used to offset shortfalls in contributions, or what the appropriate benefits should be.

Social Security Successful

Few can argue, however, about the success of Social Security. Through this program, benefits are provided to retired workers, the permanently disabled and dependents, or survivors of insured persons. Social Security now constitutes the largest category of income other than earnings for low income families headed by men. Social Security alone has reduced the poverty rate among the elderly from 59.9% to 21.5%. Coupled with other social services programs, SSI and veterans pensions, poverty among the elderly fell from 29.5% in 1967 to 14.1% in 1977 compared to 14.2% to 11.6% in the same period for the general U. S. population. Including Medicaid, Medicare, and food stamps available to the elderly, the poverty rate among this group has dropped to an astonishing rate of 6.1%. The black elderly poor are less well off as their per capita benefits received are lower reflecting a lifetime of low-paying sporadic employment. The relatively lower participation of the blacks in old-age benefits is somewhat offset, however, by the relatively higher number of black families receiving disability or survivor benefits because of the earlier death or impairment of the insured worker. (Life expectancy among blacks still lags six years behind that of whites).

Despite the success of Social Security, there are demands now to deal with the actuarial problems in the program. Partly as a response to this as well as a calculated move to balance the 1979 federal budget, President Carter proposed a series of far-reaching changes in Social Security, both as to coverage and benefits.[4]

The proposed changes relate to the benefits and entitlements of survivors, disability beneficiaries, potential or actual recipients of the minimum benefit, and to the death or funeral benefit. These benefits are especially important to the poor. The proposed cuts would impose special hardships on persons with low earnings and on families with children. They discriminate against blacks and other minority persons, who, because of their lower life expectancy, depend on survivors/ benefits to a greater extent and longer than whites. The elimination of benefits for young parents, when their youngest child reaches 16 instead of 18, would be especially harsh to the non-working poor, most of whom have minimal education and training or are in poor health. For many of the poorest, the cut-off would mean either that the parent (usually a mother) would be forced to apply for AFDC or general assistance or that the 16 and 17 year old adolescent would be under pressure to seek paid work to help support the family. Similarly, the elimination of benefits for post-secondary students ages 18-22 would prove difficult for blacks as this source of income has been used by many black youth seeking to continue college. Reliance on a diminished Basic Educational Opportunity Grant Program is no substitute. BEOG annual payment is $1600 compared to $2040 from Social Security.

Congress has already approved the proposal to place a ceiling on disability benefits at 80% of previous earnings. This may result in a disincentive to the upward mobility of disabled workers and has come under particular criticism.

Social Security, so deeply imbedded in the social legislative fabric of the U.S., receives relatively mild attention in its role as a major deterrent to destitution and protracted poverty. It has been taken for granted. Now that its basic principles are increasingly being held up to scrutiny, the black community will have to give greater priority to this program to assure that long-established benefits especially as they aid Black Americans are not seriously eroded.[5]

IV. PERSONAL SUPPORT SERVICES

The need for personal support, someone to care for a child while a parent is away or an elderly or disabled person at home, is slowly being recognized as a legitimate public concern. Until recently, such assistance was expected to be provided through the family, church or friendly neighbor. Voluntary social welfare agencies developed through the philanthropic efforts of the well-to-do provided help to the most dire in need, usually as a last resort. Until the entry of government into social services in the 1930's, these agencies were the sole provider of social services including cash assistance. Their philosophy reflected a liberal attitude toward the poor but was restricted by class and religious bias which deemed the lifestyle of the poor as unacceptable. Now an array of personal support services has developed under public and private auspices, many in less than 20 years, but the 19th Century philosophical orientation of the voluntary sector still permeates the manner in which these services are delivered.

Even more critical is the fact that the leadership of the social service field, particularly the voluntary sector, is still maintained by the white establishment. Moreover, sectarian interests tend to cloud any attempt by the public sector to deal centrally with child welfare and family services. The black community's effort to confront the philosophy and control of the voluntary sector has been marginal. Black agencies providing personal support services are practically non-existent in the U.S. In the past ten years black social workers have organized themselves into the National Association for Black Social Workers to provide a base for identifying the professional interests of the black workers in the field. This organization has gained attention on its protest against transracial adoption but it has yet to take on the issues of who controls the delivery of social services.

As now delivered, personal support services cover many needs for children with or away from their families -- child care, foster care, residential placement, adoption; for families — homemakers, counseling, information and referral; for the elderly — community centers, food programs, home care; but their availability and accessibility is still limited despite their growth since the mid-sixties. Further, even the growth has been unplanned, more a reaction to demand or pressure from special interest groups rather than as a systematic public response to the basic human needs personal support services should address. Part of this is due to U. S. reluctance to develop formal care systems for fear that these will undermine individual or family initiative, and part is due to the cost.

Kamerman and Kahn in their analysis of social services in the United States, state that despite the reluctance of this society to become more directly a welfare state, "government efforts have had to expand because voluntary effort could hardly achieve fairness, coverage, financing, efficiency, or even policy coherence on a larger scale."[6]

Need For Support Services

The black community has a particular need for personal support services because of the economic deprivation which is so much a part of individual and family circumstances. The needs fall in three major areas: support for families to care for their children, elderly or disabled members; support for the elderly to care for themselves; and support for families to increase their capacity to negotiate the broader community.

Expanding cash assistance programs will only meet part of these.

increased demand, triggered by such an expansion will not necessarily translate into an increased supply of services, particularly those needing to be tailored to deal with the complex needs many black families have. Moreover, it is highly unlikely that cash assistance programs can be expanded sufficiently to provide enough income to purchase the range or quality of service required.

For many black working families, child care looms as the major personal support service most in demand. In 1978, 30% of black families had incomes of $15,000 and over. To a marked degree, increases in black family income have been due to the presence of a second wage-earner in the home, the working wife. Black families with one wage-earner, male-headed, had a median income of $9,219 in 1976; with the wife working this income went up to $15,703; for female-headed households with no husband present, the median income was less than $5,100. For the black family with a single parent, employment is even more critical. Yet, because of the lack of child care, many black single parents must rely on AFDC which, outside of employment, is the largest source of income for families headed by a woman. The Urban Institute, in a recent publication, The Subtle Revolution, estimates that 10.4 million children under the age of six, will have mothers in the work force in 1990, compared with 6.4 million children with working mothers in 1977, and that only 25% of mothers will be full-time homemakers. By all accounts, the need for child care outside the home will increase, not diminish, during the 1980's

Most parents, black or white, rely on private arrangements, either family members, sometimes an older sibling, or a neighbor for child care while they work. Most recent studies in day care report that such parents are only marginally satisfied with this care and prefer more formal arrangements for their pre-school as well as school-age children where the need is equally important.

The availability of licensed child care centers and family day care provider homes in the United States is quite scarce given the potential market for such services.[8] Many families make a number of serial arrangements for their young children each day to assure adequate supervision; for example, part-time nursery school, Head Start, pre-kindergarten or school followed by a babysitter. In fact, some analysts include the availability of pre-school services in discussions about child care. A 1973 HEW study, for instance, showed that 70% of all child care expenditures by government were work-related. This occurs because government-financed child care services are related to income and are provided primarily to AFDC and low-income families. Such services are generally unavailable to families where there are two wage-earners in the home because the family income usually exceeds the eligibility requirements.

In 1976, including Head Start, other pre-school programs as well as child care services, over 1.2 million children were served. Yet, including most pre-school services as available child care may be misleading as these are more directly related to child development goals and diffuse the need for child care for working parents. One of the major controversies of the 1970's has, in fact, been whether government should encourage the expansion of child development programs. President Nixon vetoed such legislation in 1971, under the notion that such programs undermined the role of the family. The right of a child to a full range of developmental services should be argued independently and not as a service for working parents. In the latter part of the 70's public demands for either program have subsided even though the need for them continues.

Although the vast majority of black children live with their own families, some are not so fortunate and must be placed in foster care or adoption because of death or incapacity of their parents. As of 1977, over 500,000 children lived outside of their own families. A disproportionate number of these were black (28%). Recent exposes documenting that children, particularly older black children, are languishing in foster care far too long have sparked interest both in expanding services to prevent foster care placement and in assuring planning for a permanent home, should foster care be necessary.

Few Black Agencies

Most foster care and adoption services are provided either through the public sector or by private voluntary, usually sectarian, agencies. Black-controlled agencies in this field are minimal to non-existent despite the large number of black children under care. The question of agency auspices becomes crucial in considering personal support services for children, families or the elderly because such supports deal with the intimate details of intra-familial relationships and so should be sensitive to the racial-ethnic and cultural framework in which these relationships are nourished.

Contrasted with the needs of children and families, the care of the elderly has been of central concern during the 1970's. In addition to the adjustments in the Social Security program, personal support services have generally been expanded to this group either as a means for adjusting to reduced living arrangements caused by a decrease in income upon retirement, or as a way of minimizing the need for placement in a nursing home or other institution. In senior citizen centers which have grown rapidly during this decade, meals, recreation, counseling and other socialization services are provided as well as assistance in obtaining health benefits, Social Security and other entitlements. The number of black elderly served through these centers, which are located primarily in urban areas, tend to be low (11%). Eligibility requirements for these senior citizen programs funded by the federal government are less stringent than those mandated for child care, thereby widening the pool of participation in the programs, thus diffusing their impact and availability to the black elderly poor.

Home care for the elderly, i. e., assistance in shopping, cooking, personal care, is also on the increase. This support is viewed as a major deterrent to institutionalization particularly when provided as part of a home health care program. Home care is also seen as a way of alleviating other family members, usually the daughter, of providing such care and is especially relevant with the increased number of women in the labor force eliminating the availability of the family member to perform daily tasks.

Given the growing population of elderly in the U. S. and their longevity, the need for home care will undoubtedly rise and bring into sharp debate the appropriate role of government in providing a range of home care services and their attendant costs in relation to the role and responsibility of the family.

Services to strengthen families generally, as opposed to individual family members are primitive in development in the United States and mostl available in the private sector. By legislative mandate, services such as counseling, information and referral should be available to families on AFDC, as they are considered most in need for such support. They are rarely provided in the public assistance system, however, and then only on a sporadic basis.

Most of the personal support services discussed above are financed through various titles of the Social Security Act and, until recently, were directly associated with the provision of public assistance. The 1962 amendments, for instance, expressly stated the federal interest in strengthening family life as an economic incentive. In 1967, this policy goal became more explicit with the passage of the Work Incentive Program and the provision, for the first time, for federal funding of a range of non-cash social services (Title IV-A). Through these amendments, the federal government set the stage for the major expansion of social services which, by the early 70's, had grown at a phenomenal rate. By 1971, expenditures for Title IV-A social services were $1.7 billion, 29% of which went for child care. This outlay was almost twice that of the year before. Because of this rapid growth as well as the continuing confusion about the purposes of social services, (i. e., should they be work-related and targeted only to the public assistance population, or should they be extended to support or strengthen families generally), the Nixon Administration moved to establish restrictive regulations on the use of federal funds. The resultant hue and cry created a political climate for the passage of Title XX, the social services revenue sharing act even as a ceiling of $2.5 billion was being placed on its expenditures in October, 1972.

Title XX provides block grants to states which are required to prepare plans to assure the implementation of the legislation within its stated goals. Title XX programs are mandated to provide for self-support, to prevent, reduce, or eliminate poverty; to protect against child abuse and neglect; and to reunite families. Fifty percent of its service expenditures are to go to public assistance recipients. Persons with up to 80% of the median income can receive free services, and those with incomes up to 115% of the median, can obtain services on a fee basis.

Currently, Congress is considering legislation, HR 3434, which would further expand the federal role in foster care and adoption as well as provide for increased appropriation for Title XX. Generally, this bill establishes a ceiling of $46 million on foster care maintenance services and places emphasis instead, on prevention, reunification and adoption services. The Title XX ceiling would be raised to $3.1 billion in 1980 while continuing the $200 million earmarked for child care first passed in 1975.

Although laudatory in its efforts to improve foster care and increase funding for social services, the legislation has now been seriously flawed by amendments on the AFDC program which would restrict the income that working AFDC parents can earn without being penalized, eliminate these income disregards in calculating overpayments due to unreported earnings, and include the step parent's income in determining AFDC benefits relative to the household. All of these changes are viewed as cost containment measures - a recurring theme in welfare legislation - and are being considered independently of the welfare reform bill, HR 4904.

Social services in the United States today, particularly personal support services are marked by fragmentation, lack of coordination and poor quality. Moreover, the paucity of data on the kinds of persons receiving personal support services and the nature of the delivery system creates major difficulties in planning more viable programs. There is conflict over eligibility requirements, agency auspices, and the role of the federal government in financing and standards-setting.

The need of the black community for such services is paramount whether it be a teenage parent with young children, a working family with children, or an elderly person wishing to remain at home. Pressure to evolve a universal social service system tends to diffuse the particular needs of poor black Americans especially if the evolution of such a system is unaccompanied by a major infusion of new funds. Legislative activity over the past ten years suggests that major new funds will not be forthcoming in the near future.

V. HEALTH CARE

Prior to the 1960's, publicly-supported health care was only an incidental part of more general social or public assistance programs for the poor, but with the War on Poverty, such services became an explicit policy strategy to overcome economic deprivation. Legislation such as Medicare and Medicaid was enacted to alter the supply and distribution of medical services to the poor and elderly thus providing for more equal access to health care.

Beginning in 1965 with an appropriation of less than $4 billion, Medicare, a federally administered program to meet the varied medical needs of the elderly, now exceeds $14 billion as of 1978.

Medicaid, a federal and state/local program, has had a comparable rate of increase. Starting also in 1965 with a $1.5 billion spending level, the program was expanded in 1969 to provide broad health coverage to children up to age 21 from low-income families. As of 1976, Medicaid reached over 24 million persons at an expenditure rate of $17 billion. This increase in expenditures partly reflects the rising costs of medical care during the seventies (13% annual increase since 1974 because of inflation). Because of this increase, the expansion of both benefits and coverage lags with no consistent pattern of coverage in the various states.

Both health programs provide a range of services, from in-patient and out-patient hospital services to family planning, home health care and nursing homes for the elderly and early and periodic screening, and diagnosis and treatment for the young, but they are not routinely available throughout the U.S.

Eligibility for Medicare is tied directly to Social Security (OASDI) or railroad retirement benefits while Medicaid eligibility is linked to public assistance and is as complicated in its administration. Under Medicaid, all families who recieve AFDC are automatically covered. States may also elect to provide Medicaid benefits to SSI recipients (all but 15 states do). In addition, 22 states cover the medically needy as well as including, in 17 states, those children in families with income below the AFDC eligibility level.

Despite the rise in public expenditures and benefit levels in these two major health care programs, about 9 million persons are not yet covered; for example, poor individuals in families who fall outside of the AFDC eligibility requirements in a given state. The poverty families in the rural south are the hardest hit by this restriction. Medicaid has primarily serviced the long-term health care needs of the elderly. Three out of five Medicaid patients are white, and, although children actually make up 50% of the Medicaid patient load, they receive only 18% of the their benefits.

Notwithstanding this limitation on coverage, particularly for black persons and poor children, recent government reports draw attention to the improved access to health care for poor and minority persons as a result of Medicaid and Medicare because of increased utilization rates. Low-income persons not covered by these programs use medical services less frequently.

Important gaps in coverage and service still remain, however, related primarily to the maldistribution of medical services in the U.S. and their costs. Because of the dearth of physicians in low-income communities as well as the lack of primary case facilities, blacks tend to use outpatient hospital departments almost twice as much as whites and, despite the expansion of public support for health care, many black persons, at least 16% in 1975, still have no regular source of care.

Differences In Expenditures

In 1976 the per capita public expenditures for health care in the U.S. was $552 per year; for blacks, it was $224. In Medicaid, as an example, payments to whites were 74% higher than those paid to blacks, primarily because of the utilization rate for nursing home services which was four to five times higher for whites,due to discrimination against black in nursing home admissions. Elderly poor persons in Medicare, as another example, received reimbursement for medical services equal to that of one-half of that paid to those with higher income and blacks particularly received lower reimbursement for physician services because they use this service less regularly.

Blacks bear a particular health burden because of the problems of inadequate coverage and unavailable or inadequate care. The health care status of blacks as measured by research indicators continues to fall below that of whites. In 1979, for example, the life expectancy for blacks was still less than whites. The infant mortality rate for blacks, another indicator, is almost twice that of whites, and the maternal mortality rate three times as great. In 1973, three times more white women than black had prenatal care and white women were more likely to begin such care in the first three months of pregnancy (59% white and 45% black). These data highlight the needs of special groups within the black community who require special attention in planning for the expansion of health care services. Among these are pregnant women and young children. Their needs are urgent and cannot wait for the resolution of the U.S. debate on national health insurance which inevitably must deal with the broader issues raised above. In recognition of these immediate needs, Congress is currently weighing a child health assurance bill (HR 4692) which would add 26 million needy children and 100,000 low income pregnant women to Medicaid. This proposed program would replace the Early and Periodic Screening Diagnosis and Treatment Program (EPSDT) which reached only 25% of the children covered. Poor, pregnant women having their first child would be covered for the duration of the pregnancy and for 60 days after child birth. Treatment for children where medical problems have been found would be mandated regardless of the state's Medicaid plan.

The absence of a viable maternal and child health program in the United States is particularly critical for pregnant teenagers and young families with children because of the continuing high rates of at-risk births and poor health of children born to teenage mothers. In the past ten years, the number of births to teenage mothers has been on a steady increase.

Over 570,000 such births occurred in 1976, 28.4% of these were by black women. The rate of births among teenagers 15 and under is five times as much among blacks as it is among whites; for young black women ages 15-19 the rate is two times higher than their white counterparts.

The problem of teenage pregnancy and young motherhood needs immediate public attention, from the expansion of preventive services to the provision of adequate health and social services, should the young mother elect to bear and keep her child. The disproportionate representation of black adolescents bearing children needs to be a particular concern of the black community. Besides the problems inherent in children bearing children, the probability is that these young families conceived in poverty will continue to live in deprivation. These are the families that usually find themselves on the public assistance roles and remain there.

HEW has indicated that teenage pregnancy is a top concern because of its long term implications for child and family development. The federal government is focusing on developing comprehensive services, but the appropriation of $15 million is limited, given the need. In 1975, out of the $9.4 billion spent on AFDC, for instance, about 50% went to families where women had their first child while teenagers. Most of these young women start their families alone without completing their schooling. In 1975, 53% of all out-of-wedlock births were by teenage mothers. Their ability to work is constricted given their limited vocational skills and their need for child care is crucial should they wish to return to school, enro[illegible]n a training program, or get a job.

As a preventive service, family planning is more routinely available today than ten years ago. Publicly-supported services (in 1979,

$200 million was expended) are now being used by almost four million women and most states now affirm the right of teenagers to provide their own consent for contraceptive help. Because of the protracted controversy over medicaid-financed abortion, however, many poor women, including teenagers are being denied the right of choice as to whether to bear a child or not.

The now highly publicized needs of teenage parents and children are one of the more dramatic examples of how physical health, social and income needs must all be considered in planning for the development of comprehensive social services.

VI. NUTRITION

Like health care, food and nutrition have been viewed as major opportunities to deal with economic and social deprivation in United States. The food programs initiated or expanded in the 1960's -- school feeding programs, food stamps, food supplements for women, infants and children -- have all achieved a modicum of success in reaching the hungry poor and particularly children.

The national school lunch program, the oldest of these, provided full or reduced price lunches to 12 million poor children in 1978, three times the number served ten years previously. Although the program was modified to better meet the needs of poor children in the late 60's by changing the state formula requirements, not all children on AFDC participated in 1978. Of the 7.9 million on AFDC at that time, about two million did not receive school lunches. Part of the less than total participation of AFDC children may be due to their failure to apply for free lunch and thereby expose their welfare status. Because of this, and other reasons (primarily nutritional), universal school lunch programs have been advocated without a means test requirement. As a step in this direction, the government now spends $600 million above the $1.2 billion for poor children's lunches to subsidize the school feeding of over 26 million children.

Unlike the school lunch program, school breakfasts have been specifically provided for the poor. The program was initiated in 1968 because of the felt concern that many children arrived at school hungry and, therefore, could not concentrate on learning. Although the school breakfast program reached three million at a cost of $200 million in 1978, the program remains controversial because, according to some, it takes away parental responsibility. School boards in some localities have been reluctant to take on the additional tasks required to provide breakfasts in school. Special food programs are also provided to children in Head Start and child care programs, both of which serve a predominantly poor population. Again, the aim is to assure that poor children receive at least one meal a day. In 1978, over three million were reached by these special programs.

Low income pregnant and lactating women, infants and children up to age 5 are also eligible for special food supplements through the W.I.C. program set up in 1972 to provide food assistance to a nutritionally-at-risk population. Beginning with an appropriation of $12 million in 1972, the program now reaches over two million persons at a cost of $750 million. To assure that food is actually obtained, the supplements are purchased by voucher or delivered directly.

By far, the food stamps program first enacted in 1964, has been one of the most successful of the War on Poverty programs. Designed to enable poor families to purchase more food with their normal expenditure on food, the program has used a voucher rather than cash approach. Some criticisms have been lodged against this because vouchers limit the capacity of the food stamps recipient to spend his income. The program appears well received, however. As of 1979, almost 19 million persons were enrolled in the program, a three million rise from the year before when the program was modified to restrict its benefits to specific poor populations, to eliminate the cash requirement, and reduce the administrative costs.

In 1978, the budget for the food stamp program was almost $6 billion -- over twice as much as was appropirated ten years ago. Despite this increase, the program has yet to reach all who are eligible particularly among the elderly who are reticent in applying because they are fearful of a welfare stigma.

The provision of food and nutrition programs offers a significant variant in public policy. Unlike public assistance or other social service programs which either provide cash, reimburse or purchase service from a provider, food and nutrition programs provide commodities directly or authorize the use of vouchers to assure the purchase of food. The benefits of this approach are many; the funds can more nearly be used for their intended purpose, with vouchers, the consumer can make market choices but this depends upon a reasonable supply of goods, in this case, food. The choice factor is limited, however, to the voucher item and, for this reason, alternative strategies for alleviating economic deprivation including, most importantly, increased welfare benefits which would permit the family to make broad choices about its income are continually advanced.

VII. KEY ISSUES FOR THE 1980's

Few advances were made in social services during 1979 although the issues of welfare reform and improved child welfare and social services finally made their way to congressional debate. But even there legislative developments are being hampered now through conservative efforts to restrict their coverage by placing limitations on the use of public funds for abortion in the proposed child health program, or by curtailing any significant liberalization of the AFDC program.

During the coming decade, several key issues to the black community will undoubtedly surface in the public debate over social services. Of overriding concern will be whether such services should be universally available or targeted to special groups, such as the poor. Since blacks are disproportionately represented among the poor, special assurance will have to be given to maintaining the gains already made. Universal social services, if authorized, will require major new appropriations. As a public policy goal, such universality may have marked redistributtive effects and deal more directly with the issue of relative poverty. This is a long-term goal, however.

For the 1980's, several issues, nevertheless, should be of importance to the black community:

Benefits and Services

- Expanded welfare reform to assure a minimum standard of living for all families at least at the poverty level
- Publicly-subsidized low cost quality child care - both preschool and after school for working families whether one or two parent household
- Universal available and accessible maternal and child health services (to include children up to age 21)
- Expanded Medicaid coverage to include all families with incomes

up to the poverty level.

- Maintenance of benefits and entitlements of survivors and recipients of the minimum benefit under the Social Security program
- Development of personal support services to maintain or reunite families

The debate around these issues will dwell upon whether such benefits and services should be categorically funded or made available to the states through revenue-sharing or block grants; corollary to this will be whether they should be federally or locally administered or available through the private sector (voluntary or proprietary) by purchase of service. The issue of cash or in-kind or voucher assistance has already been mentioned.

To a marked degree, blacks have benefited in the past ten years from public programs primarily set up at federal initiative during the 60's to eliminate poverty. These programs have been targeted to particular groups defined either by income or special need (age, health status, etc). Social Security programs enacted years before have followed essentially the same principles and have been exemplary in their federal administration.

These patterns of the past will provide the direction for the coming debate. In these times of scarce budgetary resources and growing political conservatism, choices among alternative public policy strategies will have to focus on those with the greatest needs first. Public policies that assist the poor can promote other objectives as well, as in health care and personal support services, and lay the groundwork for expanding coverage to the general population. The issue for the 1980's may finally be grounded on whether the U.S. will sustain its current resource commitment to the poor and not further erode the modest gains of the 60's.

Footnotes

[1] Russell Long, Senator, D.-La. is chairperson of the Senate Finance Committee, the oversight committee for welfare legislation.

[2] Income Maintenance, The National Urban League Position. July, 1975.

[3] For a full discussion on absolute and relative poverty, see DeLone, Richard: Small Futures, (New York: Harcourt Brace Jovanovich, 1979).

[4] Social Security was made a part of HEW in the early 70's and its expenditures and revenues were incorporated into the unified federal budget.

[5] Two federal committees -- the Advisory Council on Social Security, a statutory body, and the Social Security Commission, appointed by Congress -- are reviewing the program as a whole and the Carter proposals in particular. Their reports are expected in the near future.

[6] Kamerman, Sheila B. and Kahn, Alfred J., Social Services in the United States, Policies and Programs. (Philadelphia: Temple University Press, 1976).

[7] Under $4,000, less than 20% of black children live with both parents; at $15,000, most do (86%).

[8] Family day care provides care in a home which is licensed and supervised by public and private agencies.

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CONCLUSIONS AND RECOMMENDATIONS

The common thread that runs through the papers that comprise the heart of "The State of Black America-1980" is an assessment of the decade of the 1970's as a time of retreat, retrenchment and lost opportunities in the long struggle to create equality of opportunity in these United States. Black America ended the decade in a less favorable position than it began the 70's. As it moves into the 1980's it faces the almost certain possibility, to use the words of Ellis Cose, that it will be entering "a decade in which blacks will be hard pressed to hold on to many of the tenuous gains of the past."

Cose was not alone among the authors of the preceding papers in forecasting difficulties ahead for Black America. In his paper on "Black Families in the 1980's," Dr. Robert B. Hill said:

"Since the current recession is predicted to worsen in 1980, it is very likely that there will be at least two recessions during the '80's. Such recurring recessions will undoubtedly mean a continuation of a disproportinate high level of unemployment among black workers."

Accepting these predictions as valid, and all available facts argue that they should be accepted, it is clear that black Americans must move into the 1980's determined not to relent an inch in their continued agitation for positive actions to close the economic gap between whites and blacks. The years ahead would be much less difficult if such agitation was not needed, but the plain fact is that relying on time alone to redress the scales of justice has never proven very successful. As Dr. Bernard A. Anderson has written in his paper on "Economic Progress:"

"The only reasonable conclusion that one can reach on the eve of a new decade is the same that might have been expressed a decade ago, namely, special efforts directed toward blacks in the American work force will be necessary if the gap in employment and income is ever to be narrowed and eventually erased. Despite comforting hopes to the contrary, there is no progress at work within American society that will lead inexorably to a steady and continuing improvement in the relative economic status of the black community."

Therefore it is incumbent upon Black America to continually remind the nation that the task of reconstruction is not yet over and that special efforts are still needed to assure that all Americans have the same opportunities to develop to the maximum of their potential. We are under no illusions that such efforts will not be resisted given the rise of the new negativism in this country and the growing, if mistaken belief, that blacks have made such great strides forward over the last few years that special efforts on their behalf are no longer necessary. And yet we know that unless these efforts are undertaken we will enter the 1990's and perhaps even the 21st Century, still lagging far behind the rest of the parade.

This does not have to be. We saw dramatic leaps in jobs, income and other indicators of progress during the 60's. We saw that deprivation and poverty can be successfully attacked if there is the will and the commitment to do so. America would be well advised to renew this will and commitment in the 1980's for the serious problems that have been outlined in this publication cannot be allowed to linger indefinitely. They nurture the seeds of discord and disunity. They cast a pall of gloom over our future.

America should also be reminded that without changes that make better use of the full human potential of all people, national productivity and the economy will decline. Thus it is in the national interest that social change be promoted in the coming decade.

To that end, the National Urban League has proposed a Black Agenda for the 1980's. It should be noted, however, that the agenda is "black" only in the sense that blacks are disproportionately poor. It is an agenda that transcends race, sex and region. It is an agenda directed at helping all of America's poor and deprived citizens. It is an agenda that is in the national interest.

It calls for full employment, aggressive pursuit of affirmative action, an equitable income maintenance system to replace the present totally disastrous welfare system, a national youth development program, a national health system and decent housing for all. Details on these and other items on the agenda appear in the recommendations that follow. For now, suffice it to say that this Black Agenda does not constitute an impossible dream. Rather it represents an opportunity to make the 1980's a time of revival of America's heritage of idealism and its confidence in traditional values of justice, brotherhood and equality.

Not every area of importance to black Americans has been covered in this report -- space alone would preclude this from happening. One of the obvious areas that has not been touched is that of the 1980 Census. In the past, census figures have grossly undercounted the true number of black people in the population resulting in the loss of federal aid to their communities, since most formulas for such aid are based on census deprived population figures.

These census figures are also used in reapportioning legislative districts, from Congress on down to local city councils. This means some Congressional seats will be lost in areas where black predominate as black votes may be diluted by the addition of suburban areas to existing urban districts.

That is the likely outcome if the Census undercounts black urban populations. This makes it in minority interests to insure the Census Bureau gets an accurate black and Hispanic count.

Mention should also be made of the urban environment in which so much of Black America lives. Because of Black America's poverty, because of social and economic disadvantage, black Americans suffer disproportionately from the degraded physical environment. As an example, black cancer rates are rising faster than those for whites. For some cancers black rates are 50% more that for whites. It is no accident that cancer rates rise as blacks perform the dirtest jobs in our society and are locked into the most polluted neighborhoods.

Black health figures document the effects of pollution and stress caused by the physical environment, blacks suffer from hypertension, heart and lung disease, and other physical and mental disorders directly traceable not only to the social and economic environment in which they live, but also to the physical. We believe that a commonality of interest exists between traditional environmentalist groups and those interested in our urban areas and it would be in the best interest of both to join in coalition efforts to clean up our cities.

REPORT ON 1979 RECOMMENDATIONS

In last year's "State of Black America," a number of recommendations were made. Through the National Urban League's Washington Operations Office we have reviewed those recommendations and were encouraged to learn that in a number of instances, action had been taken. A report on several of the recommendations follows:

THE ECONOMY AND EMPLOYMENT

Recommendation: Federal job training and job creation program that would increase earnings, productivity and tax revenues should be expanded and not reduced.

Action: In 1978 the federal government spent $14,467,000,000 to fund 3,829,000 employment and training slots. In 1979 $15,622,000,000 was spent to fund 3,991,000 slots. Thus there was a slight increase.

Recommendation: The Administration's efforts to curb escalating costs should be concentrated on those items -- such as food, energy, health and housing costs -- that are staples of low- and moderate-income family budgets. The imposition of selective price ceilings would lower the inflation rate while providing aid to inflation's prime victims.

Action: The Administration's Anti-Inflation Program includes guidelines only for the rate of increase on supermarket mark-ups on foodstuffs, automobile sales, rents, and the profit structure in the oil industry.

Recommendation: Necessary cuts in federal spending should be made in areas other than those that are critically important to the poor such as health, income maintenance, etc.

Action: The FY '80 Budget saw a very conservative Congress still responding to a Proposition 13 mentality and the perceived signal which that initiative and similar ones purported to represent. The Administration's budget also represented an effort at budget balancing at the expense of domestic programs.

Recommendation: The trend of job movement to the suburbs and the sunbelt requires new policies that will make suburban job opportunities available to low- and moderate-income families through housing programs, improved public transportation and vigorous enforcement of affirmative action and equal opportunity mandates.

Action: As part of the Urban Policy, Executive Orders were issued requiring that whenever possible, federal buildings be located in inner-cities and that Urban Development Action Grants be given to projects that will produce jobs in the inner-cities.

The Economy and Employment - continued

The National Urban League and other organizations are in the process of working with the General Services Administration, the agency responsible for carrying out the Facilities Siting Executive Order, to determine whether the Order is being carried out.

URBAN POLICY AND HOUSING

Recommendation: The federal government must adopt a strong anti-displacement policy. Displacement must be considered as a negative impact to be guarded against when designing and administering federal policies and programs. Urban policy initiatives must be amended to address displacement and to eliminate its potential for contributing to the problems of the urban poor.

Action: The Department of Housing and Urban Development released a report in November, 1979, stating that "no person shall be displaced as the direct result of a HUD or HUD assisted program or activity unless an affordable, decent, safe and sanitary replacement dwelling is available." Left untouched was the larger problem caused by private displacement.

Recommendation: Specific proposals (omitted from the national Urban policy) targeted at meeting the housing needs of the poor and minority residents of cities must be included in that policy and as a federal commitment to ensure that all American families have the opportunity to live in decent housing at affordable prices.

Action: The Administration has moved to provide a slight increase in the number of subsidized housing units to a 300,000 unit level. However, this level is only half the units projected as minimum needs in the 1968 Housing Act. The Administration did target available units to most needy persons.

EDUCATION

Recommendation: A long-term and consistent program of federal support for historically black colleges should be developed which takes into account the nature of the economically-depressed student body which attends such schools.

Education - continued

Action:	A directive ordering all agencies to increase assistance to historically black colleges was signed by the President in January 1979. However, as late as December 1979, no Cabinet Department had in fact increased aid to black colleges.
Recommendation:	The federal government should develop an innovative approach through the Office of Education's Urban High School Task Force to focus attention on developing a definition of and a measurement for 'Employability Skills" which are transferable in the marketplace in terms of both in-school preparation and on-the-job training programs.
Action:	The Vice President's Task Force on Youth Unemployment has addressed this issue. On January 10, 1980, the Administration announced a plan to spend $2 billion more on programs to help unemployed youth prepare for and enter the labor market.

Brown - 25 Years Later

The past year also marked the 25th Anniversary of the Brown Decision which ushered in a new era, striking down the institution of segregation and laying the legal, idealistic, and philosophic basis for the Second Reconstruction. That Reconstruction was never completed and in assessing where blacks were, a quarter of a century after the historic decision, Vernon E. Jordan, Jr., President of the National Urban League, in his keynote address at the NUL's 1979 Annual Conference, had this to say:

"Let me say firmly and clearly: There has been progress; there has been tremendous change, and more black people find themselves in better circumstances than at any time in our history. It would be dishonest to claim otherwise. Blacks in high positions have proliferated. Blacks are in jobs never before open to us. Blacks are in schools and colleges that never allowed us through their doors.

"Yes, there has been progress -- for some of us.

"Does that progress justify the claim that our battles are over, that the war is won? Does it justify claims that black problems are now based on class, not race? Does it justify the view that black leadership is not responsive to the changed national climate? And does it justify the claims that affirmative action and minimum wage laws harm rather than help black citizens?

"As much as we celebrate the progress black people have made, we must insist that the glass of our hopes is half-empty and draining fast.

"The myth of black progress is a dangerous illusion used as an excuse to halt further efforts to extend real progress to all of our people. The myth of black progress illustrates the negative attitude toward blacks. It purports to show that blacks have made progress and those who have not have only themselves to blame. It sanctions the vile myth that the poor are really an underclass, incapable of being helped, unwilling to rise out of their povery.

"Let us acknowledge the great progress some of us have made. But at the same time, let us recognize the true plight in which the vast majority of black people find themselves."

It is to address that plight that the NUL makes the following recommendations:

RECOMMENDATIONS

Employment and the Economy

1. The need for jobs in Black America remains crucial. While the number of federal job training and job creation programs has shown an increase over the past 12 months, the almost 25% unemployment rate among blacks indicates that such programs must be substantially increased.

2. Private industry and specifically small and mid-sized businesses where most of the nation's jobs are located, should be encouraged through such inducements as tax credits, to employ and train youth and individuals with limited job skills.

3. The Administration should implement the employment section of the Humphrey-Hawkins Act and the Congress should authorize and appropriate the monies necessary to reduce joblessness.

4. Hospital cost containment legislation should be passed immediately.

5. The impact of higher social security taxes on the low-income worker should be a matter of major concern and in any tax cutting proposal, attention should be given to this concern.

6. Given the unfavorable economic climate now present in America, the Administration should re-think its decision to tighten the formulas under which the unemployed can receive an additional 13 weeks of jobless benefits beyond the normal 26 weeks. With the change in the formulas, some unemployed who would have received 39 weeks of benefits will receive only 26 weeks.

Affirmative Action

7. Positive incentives to encourage compliance with affirmative action laws and regulations as well as the negative sanctions already available (the "carrot as well as the stick" approach) should be instituted.

8. There is serious concern that whatever gains have been made by minority group members and women in recent years will be lost during recessionary times. Three possible options have been suggested to minimize the adverse impact of a recession: 1) work sharing; 2) instituting plant-wide seniority systems; and 3) releasing employees at the rate proportional to their percentage in the firm's work force. These should be considered by the private sector.

9. During the 1980's the federal government should insure that affirmative action guidelines be followed under the Alaska Natural Gas Transportation Act of 1976 as mandated. The anticipated construction of Alaska natural gas transportation system will offer 10-11,000 employment opportunities over the next 3-4 years. The federal inspector should take affirmative action to insure non-discrimination in receiving or participating in any activity conducted under the Act.

10. With the Supreme Court's sanction of voluntary affirmative action programs in the Weber Case, private employers should now press ahead with broad comprehensive affirmative action programs. The principles enunciated by the Court in the Weber decision should be accepted by all sectors within America and affirmative action should no longer be an issue dividing the black and Jewish communities.

11. Title VII of the Civil Rights Act of 1964 (and the 1972 Equal Employment Opportunity Act) should be amended to include policies which address layoffs, and reductions-in-force in public and private employment.

Education

12. The federal government should increase support to black researchers and linguists to encourage the examination of strategies to improve the acquisition of language art skills in urban public schools. It is particularly imperative that all minority students acquire proficiency in standard English. This must be accomplished in a manner which does not denigrate the language of the students' home environment.

13. There must be a national moratorium on testing programs. The federal government should target research funds to help state and local school systems develop testing programs which will equitably delineate and help to evaluate the roles, responsibilities and the performances of administrators and teachers as well as students.

14. The federal government should provide funds to increase research and demonstration efforts focused on the improvement of motivational counseling programs in urban areas, particularly at the elementary and middle school level.

15. Congress should insure that the new federal funding to increase the basic skills of junior and high school students should be targeted only to those systems and only for those programs which have been demonstrated as successful.

16. The President must confirm his on-going commitment to his Black College Initiative. A long term and consistent program of federal support for black colleges must be developed. The federal government must continue to provide support for such institutions in recognition of both the unique historical role of these institutions and the economically depressed student body which attends such schools.

17. The federal government should not relent in its insistence that post-secondary institutions receiving federal monies, adopt and implement effective

affirmative action plans for both faculty and students. In the absence of such plans, and documented results, federal funds should be withdrawn from the institution.

Housing

18. The National Fair Housing Act should be amended to incorporate adequate enforcement procedures, as in the proposed Fair Housing Amendments. An affirmative action program should be created and made active in all local housing markets.

19. Granting of federal funds for housing and community development to local governments should be conditioned on the active involvement by those governments of neighborhood groups in the planning and implementation of neighborhood development activities. Such involvement can be demonstrated by such actions as the localities providing resources and technical assistance in the organization of neighborhood groups.

20. The existing Neighborhood Self-Help Development legislation should be amended so as to provide funds for planning and organizational activities for neighborhood groups. (These activities are a necessary prelude to the operation of programs by neighborhood groups under the Act, but present legislation is restricted to only program funding.) The amended legislation should also include provisions allowing neighborhood groups to negotiate directly with the federal government for delivery of federal programs, such as Section 312 property improvement loans, needed to implement neighborhood self-improvement plans.

21. The urban policy of state governments should be designed to promote the development of existing localities and to discourage the spawl of metropolitan areas. States can do this by:

a. Refusing to finance further sewer, water or highway extensions that are in conflict with regional development plans.

b. Prohibiting counties and municipalities from using their own tax exempt bonds to finance sewer, water and road projects in conflict with regional development plans.

c. Requiring Public Service Commissions to increase utility rates in those fringe areas which are costly to serve. This would also ease the burden on other utility consumers who in effect subsidize services to these fringe areas.

22. Federal, state and local governments should give priority to providing equity capital for the establishment and/or expansion of small neighborhood businesses.

23. The Home Mortgage Disclosure Act should be reauthorized by Congress and should be expanded and strengthened to reflect its experiences which have shown that the present method of collecting data is awkward and would be substantially improved if data were compiled at central sources within regions, rather than at individual institutions.

24. Local governments should pass legislation that would enable them to negotiate directly with employers to provide suitable conditions for the expansion of employment in older neighborhoods by the granting of appropriate privileges (i.e. the relaxing of zoning standards).

25. HUD's Housing Counseling Program, which has proven to be successful, should be expanded to provide this service in all local housing markets. At present, the program only operates in 40% of the cities HUD labels as distressed.

26. Attempts to decrease the federal commitment and funding of low income housing assistance program (Section 8) must be halted. This program, which provides rent subsidies to low-income families, has been attacked through regressive regulations. Additional serious retrenchments must be curtailed.

27. A moratorium should be placed on all condominium conversions. The housing supply is already tight for low-income families, and the recent spate of conversions is exacerbating the problem. Similarly, federal assistance should be provided to low-income renters to enable them to bid on the purchase of units in which they reside which are "going condo."

Social Welfare

28. The Senate should pass the limited "Welfare Reform Package" already passed by the House of Representatives. It should protect the integrity of the package by approving a basic minimum benefit level at least as high as that proposed by the President.

29. The Senate should expand upon the House version of the bill to include Medicaid coverage for all AFDC beneficiaries. This would give the bill an additional universal feature and further support uniformity in coverage and benefits and simplify administration.

30. The Administration should abandon its efforts to obtain decreases in Social Security benefits. This recommendation is supported by the Advisory Council on Social Security.

31. The Administration should exert dramatic leadership to again make financing for elective abortions available to Medicaid recipients. This benefit is entirely consistent with reducing the mortality and morbidity rates among infants and teenage mothers. It is also consistent with controlling future welfare costs.

32. Both the public and the voluntary welfare sectors should agressively seek to expand the number of blacks serving on boards, commissions and in top policy level staff positions in the human services field.

33. The federal, state and local governments should do more to contribute to an increase in minority adoptions by instituting programs that would lead to greater community involvement and which would enforce greater accountability from agencies.

34. More funding is desperately needed for research about handicapped and/or older children and how to effectively recruit adoptive homes in the minority community to meet their needs.

35. The Administration and Congress should insure that the federal budget contains sufficient funds for the efficient operation of welfare programs. The lack of funds should never provide the basis for any considerations to evaluate program effectiveness, such as USDA's recent proposed alternatives for reducing food stamp values.

Health

36. The Senate should move immediately to pass the Child Health Assurance Program (CHAP). This bill is vital to the health of millions of poor children.

37. The Congress should take definitive action on a National Health Insurance Plan. It should insure that any plan provide for mandatory coverage, comprehensive benefits, and assures equal access to equality health care for all Americans regardless of economic condition or place of residence.

38. Congress should enact into law the Mental Health Systems Act.

Energy

39. Low-income consumer and emergency assistance programs must be expanded to shelter the poor and working poor from the devastating effects of ever escalating energy prices. A fixed percentage of government revenues derived from increased energy taxes should be specifically earmarked for low-income assistance, especially for rising utility bills.

40. Our nation's energy conservation goals must be effectively utilized as a vehicle for minority economic and job development. There must be assistance to minority business people to enter the fields of weatherization, energy audits and solar installation. This business development should go hand in hand with large scale job training programs in both the public and private sectors to train minorities in these growing fields.

41. Weatherization of the homes of poor people must be a top priority as a tool for shielding the poor from rising energy prices. Federal government programs must broaden the base of community organizations eligible to receive direct funds for economic and community development activities in the energy field. For example, a community-based group engaged in housing rehabilitation or construction should be eligible to apply to the Department of Energy for weatherization funds to ensure that the program reaches larger number of low-income communities. Program funding levels must more realistically reflect market costs.

42. There must be increased representation of the concerns of minorities and the poor at all levels of energy decision-making. The energy industry, utilities and all levels of government must place more blacks and minorities in policy level positions.

43. Energy education and awareness funds must be directed to minority community organizations. These organizations are best equipped to explain and get the energy conservation message across.

Crime

44. Alternatives to incarceration should be aggressively pursued as a method of rehabilitation. These alternatives should have a specific focus on education and skills that will increase the individual's employability potential.

45. All political jurisdictions should initiate affirmative action in the field of criminal justice. The programs should be two-fold in nature. First, a sincere effort should be made to recruit minorities at entry level positions in law enforcement, corrections and the courts. Second, methods should be developed that will assure the involvement of minorities in all the decision-making processes of the criminal justice system.

Political Participation

46. A system of universal registration for Presidential and Congressional elections that would enable a citizen to vote on Election Day by appearing at the polls with proper identification, should be adopted. The system would bring into the electoral process many individuals now excluded because of cumbersome registration procedures.

47. States should be encouraged to use Election Day registrations for state and local elections as well.

48. The D.C. Voting Rights Amendment must be ratified to ensure rightful and overdue representation for the District's disenfranchised residents.

YOUTH DEVELOPMENT

49. Creation of a voluntary National Youth Service, open to all, but with emphasis on recruitment of economically disadvantaged youth, to operate in conjunction with — and not in competition with — the voluntary military; volunteers to be guaranteed a minimum period of paid employment training and educational experience designed to equip them with skills and work habits required by the economy. The registration, evaluation and counseling of the service would also serve to identify the skills and deficiencies of young Americans and prescribe remedial or skill-enhancing activities, plus offer factual information concerning a wide range of services and training opportunities and the channeling of resources into areas of national need.

(A more detailed list of Youth Development recommendations is to be found in the NUL's publication, "To Be Young, Jobless and Black".)

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DISPLACEMENT

CITY NEIGHBORHOODS IN TRANSITION

The National Urban Coalition

INTRODUCTION

For years the National Urban Coalition and other urban advocates have sought the revitalization of America's declining central cities. For some the primary goal has been economic rebirth anchored in the stone, steel and glass towers of rejuvenated central business districts. Others--the Coalition among them--have insisted that increased attention must also be paid to those vital building blocks of urban life, the neighborhoods in which the 24-hour-a-day residents of cities live.

A stubborn, feisty neighborhoods movement, in which the Coalition and its affiliates have been intimately involved, has found new visibility and growing influence over the past few years. The imprint of this movement may be variously seen in anti-redlining legislation and executive initiatives at the national and local levels, in the creation of the Federal Reinvestment Task Force and the National Neighborhoods Commission, and in neighborhood-centered programs launched by the Department of Housing and Urban Development, the Department of Commerce, the Federal Home Loan Bank Board and other Federal agencies as part of the new national urban policy.

Private sector initiatives like the Philadelphia Mortgage Plan, the new insurance industry program and privately-supported efforts in cities like St. Louis, Savannah, Oakland and Albuquerque are providing opportunities for low income and minority residents to afford decent rehabilitated housing in the cities.

But there are few universally benign developments in urban America. After decades of lamentation over the flight of the middle class from center cities, a combination of circumstances--concern over energy and transportation, the rising costs of new housing in the suburbs and the emergence of a new breed of relatively well-off "urban pioneers" and developers--has created an uneven but definite in-migration of middle class homeowners and renters who are taking up residence in city neighborhoods that they and financial institutions once shunned.

As this occurs, longtime poor, elderly, working class and minority owners and renters are being pushed out or bought out.

The benefits of a strengthened tax base and of some gains in residential and commercial revitalization are clashing with the deprivation, frustration and anger of those who are becoming the new urban nomads. Some are being displaced from established neighborhoods which were socially, culturally and racially more diverse than the in-town suburban enclaves with which they are being replaced.

Though the Coalition well knew how uncertain was the data base and how shifting and complicated the patterns of disinvestment, reinvestment and displacement from one city to another, we embarked more than two years ago on an attempt to do some first-stage charting of these phenomena. Through their cooperation, our own affiliates, realtors, realtists, developers, financial institutions and associates in the neighborhood movement helped make up for some of the handicaps imposed by the limited resources we had available for this project.

This report on our survey of what has been happening in 44 American cities is offered as a means of bringing to the attention of policy-makers and the public some of the dimensions of a reality whose economic, political and human potential for good or ill should not, we believe, be ignored.

John R Bunting

JOHN R. BUNTING
CHAIRMAN

M. Carl Holman

M. CARL HOLMAN
PRESIDENT

The National Urban Coalition began a study of the twin phenomena, urban revitalization and displacement, in the fall of 1976 with a grant from the McDonald's Corporation. The study grew out of the Coalition's continuing interest in the revitalization of the cities and its serious concern about the impact of that revitalization on longtime neighborhood residents. That concern was first expressed at a National Urban Coalition Steering Committee meeting in May 1972 and was reinforced by the Coalition's May 1973 conference, "Revitalizing American Cities– Strategies for the 70s."

The goal of the present study was to determine the scale, rate, cost and social implications of the neighborhood revitalization movement and to identify those urban areas in which there is need for public policy intervention. Questionnaires were sent to city planners, realtors, realtists, public and private housing specialists, and neighborhood representatives at the local level in 65 neighborhoods in 44 cities. The basic data for the study were collected through December 1977.

The debate over the social implications of private market neighborhood revitalization tends to focus on the question of dislocation. Many community groups and some elected officials contend that the restoration movement fosters dislocation and transforms hetergeneous central city neighborhoods, with a variety of incomes, age levels, and occupations, into sanitized blocks of middle to upper income professionals with similar occupations and lifestyles.

It must be noted that displacement does not follow all revitalization efforts. At times the property rehabilitated was vacant prior to the rehabilitation. In a few instances, particularly where public funds were available, rehabilitation was undertaken by longtime residents who planned to remain in the neighborhood.

The Study Design

The study was designed to identify the following characteristics within specific neighborhoods undergoing renovation: those with historic designation; the numbers and types of residential structures within the area of renovation; the rate of renovation; prices of unrenovated structures compared to those of renovated ones; ease of financing; and perhaps most important, the social, economic and racial characteristics of those moving in and of those moving out.

Since so little of the revitalization phenomenon is actually documented, (on the national or the local level) we felt it important to learn about each neighborhood surveyed from as many different perspectives as possible. The 44 cities chosen are those to which the NUC is linked either through an affiliate, associate, or advocacy relationship.

Selected Characteristics of Cities Surveyed

Although the cities surveyed do not represent a representative sample of all the cities in the United States, they do include some of the largest cities in the country–New York, Chicago, Los Angeles, Philadelphia and Detroit. They are located in various regions: the east and west coasts, the Sunbelt and the industrialized Midwest.

The 44 cities represent:

All cities with a population of a million and over.

52% of cities with populations between 500,000 and 1 million.

21% of cities with populations between 100,000 and 500,000.

1% of cities with populations between 25,000 and 100,000.

No cities with populations below 25,000.

Poverty Level

In 16% of the cities, 16-22% of the population were below the poverty level.

In 30% of the cities, 11-15% of the population were below the poverty level.

In 36% of the cities, 6-10% of the population were below the poverty level.

In 18% of the cities, 1-5% of the population were below the poverty level.

(The national average for families below the poverty level living inside central cities was 11.8 in 1977.)

Vacancy Rate

The majority of cities surveyed had a 6% vacancy rate.

11% had a 1% vacancy rate.

2% had a 10% vacancy rate.

(The national vacancy rate was 6% in 1977.)

Owner-Occupied Units

In 46% of the cities, 50-73% of the units were owner-occupied.

In 47% of the cities, 30-49% of the units were owner-occupied.

In 7% of the cities, 20-29% of the units were owner-occupied.

(The national average of owner occupancy in central cities in 1974 was 40.6%.)

Phases in Private Market Rehabilitation

Although private rehabilitation efforts within individual neighborhoods are determined in large part by the neighborhood's particular characteristics, the Coalition survey revealed a pattern in such activities that is generally applicable. Four distinct phases of rehabilitation activity were identified when owner-occupants were the prime investors.

The Start-Up Phase

The first group of investors (mostly owner-occupants) is attracted to the neighborhood. The rate and scale of rehabilitation are small and work may be centered around only a few blocks. Diversity of neighborhood life and low cost of housing are two of the most important attractions to prospective renovators.

The Buy-In Phase

Rehabilitation activity spreads to surrounding areas and slowly increases in frequency. The negative attributes which characterize many inner city neighborhoods — high crime rate, poor schools, poor services — are still perceived to be present. But confidence in the investment value of the neighborhood grows and increasing numbers of people "buy in."

The Take-Off Phase

Confidence in the neighborhood's future is established. As the number of people who have "bought-in" reaches a certain level (a level dependent not only on the characteristics of the neighborhood but also on the characteristics of the urban market), the neighborhood is widely acknowledged to be "a good investment" and "a good place to live." People attracted to the neighborhood at this time seek more security and status than previous groups. During this period too, depending upon the metropolitan housing market's ability to support it, speculative rehabilitation activity increases significantly. The physical evidence of change is inescapable as rehabilitation activity gains momentum, and rehabilitation of the entire neighborhood begins to appear inevitable. The maximum displacement impact occurs during this phase and the extent and nature of displacement become dramatically clear.

The Fill-In Phase

The "finishing touches" are put on the neighborhood. Those few properties which remain unimproved are bought and improved. The property values of both renovated and unrenovated buildings have risen dramatically to reflect the established investment value of the neighborhood and property tax assessments rise to reflect this increased valuation. Related homeowner displacement is most likely late in the take-off phase and during this phase.

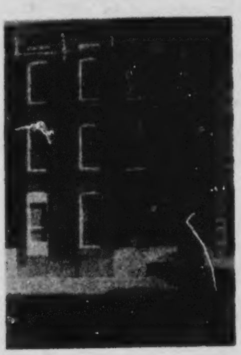
CHRONOLOGY OF REHABILITATION ACTIVITY

The Changing Face of Changing Neighborhoods

Unlike publicly financed urban renewal projects of the 1960s, privately financed urban improvement has no easily delineated beginning. The process by which rehabilitation activity spreads through a neighborhood is gradual and the process by which the indigenous population changes is as slow. Consequently, perceptions about the nature of that change and its effect on people are generally complicated. Ask people closely associated with a neighborhood when private reinvestment first began there and their answers may cover a period of years. "Activity first began eight years ago," a respondent may reply, "but the big boom occurred four to five years ago. Activity has tapered off considerably during the past year." This sense of two beginnings -- one the period of initial investment and the second a period of intense investment during which the physical shape of the neighborhood begins to change dramatically -- is common. Not only do respondents describe a similar pace in rehabilitation activity, they also ascribe roughly similar timing to the movement.

Though some city neighborhoods like Washington, D.C.'s Georgetown, Philadelphia's Society Hill, and San Francisco's Presidio have been viewed for decades as desirable places in which to live, these bastions of the middle and upper-middle class have, until recently, been very few in number. The neighborhoods surveyed by the National Urban Coalition were, as a rule, of a different generation.

From 1969 on, the incidence of rehabilitation work began to increase in urban areas. The phenomenon was nationwide, from New York City to St. Louis to Atlanta to Oakland. Of those neighborhoods surveyed by the National Urban Coalition, the vast majority (nearly 90 percent) reported the onset of rehabilitation activity only within the past eight years. The years 1969-1970 would seem to mark the beginning of second generation rehabilitation in most cities.



Even so, a more recognizable surge of activity occurred in these same neighborhoods in the past four to five years. Just under two-fifths of all neighborhoods reporting saw the beginning of rehabilitation during the years 1972-3. In Bridgeport's South End, South Bend's Park Avenue, Houston's Montrose, Albuquerque's South Martineztown, Cleveland's Ohio City, Seattle's Capital Hill, San Antonio's King William, New Orleans' City Park – the list could go on – respondents estimated that active rehabilitation began in their neighborhood during those years.

In other neighborhoods, rehabilitation activity which began earlier underwent a sudden spurt around 1972-73. Among those areas are Dupont Circle and Capitol Hill in Washington, D.C., Queen Village in Philadelphia, Soulard in St. Louis, Federal Hill in Baltimore, and Rockridge in Oakland.

SURVEY FINDINGS AND IMPLICATIONS

The incomes of households moving into neighborhoods under private-market rehabilitation are higher than those of the previous residents – but not always radically higher.

One of the major initial attractions of rehabilitated inner city housing has been economic. Such housing is regarded not only as a good buy by affluent people who see the acquisition in part as a money making investment but also as "affordable housing" by others who might otherwise have not been able to buy. This study found that the number of households with incomes of $10,000 and under decreased significantly after rehabilitation, and that they were displaced by households with incomes in the $10,00-$20,000 range as well as by those with incomes of $20,000 and over.

In nearly all the neighborhoods surveyed, housing rehabilitation brought with it a group of residents with different characteristics from those of the original residents. They were almost always wealthier and this difference in income is the fundamental dynamic in the set of circumstances contributing to displacement. The inflation in costs, commonly associated with private market housing rehabilitation, is the one mechanism which seems to spur dislocation of low to moderate income neighborhood residents. When rehabilitation work begins, renovators generally buy in at low market prices but interest in the neighborhood and the attendant reinvestment begin to drive the cost of housing higher. The result may be rapid inflation in the cost of both unrenovated and of renovated properties. This inflation is in the interest of those who have invested in the neighborhood, but it is not in the interest of those residents on fixed or limited incomes. Because the price increases, soon reflected in rent increases, may be extremely rapid, residents with low to moderate incomes have a difficult time keeping pace.

Once rehabilitation is under way, the difference in cost between an unrenovated single family house and a comparable renovated house may be dramatic. These differences are often far above what respondents to the NUC survey estimated to have been the cost of rehabilitation. In over half of the neighborhoods reporting, the price of a renovated house was more than twice the price of an unrenovated house; in over one-fifth of these cases the cost was over four times greater. One neighborhood representative in Seattle's Capital Hill neighborhood reported that his neighborhood had seen the highest percentage per year increase in housing costs of any neighborhood in the city. Yet the reported $40,000-$60,000 or over selling price for a renovated home in that area (over 200 percent more than the reported cost of a comparable unrenovated house) is still well below the cost of renovated houses in some other cities.

Among those neighborhoods with high housing prices, are Houston's Heights area where few people who have purchased unrenovated houses for $40,000 to $130,000 are reported to be selling. In the Montrose neighborhood of the same city unrenovated houses which sell for $40,000 to $50,000 are now reportedly going for $75,000 to $80,000 renovated. In New Orleans' Coliseum Square a house reported to sell for $40,000 unrenovated, sells for $150,000 renovated. In Columbus' Victorian Village the mark-up for a $21,000 unrenovated house was reported to be around 400 percent. In New York's Boerum Hill, as well, unrenovated houses purchased in the $20,000 to $40,000 range were selling for between $75,000 to $150,000 renovated. The Washington, D.C. market was generally higher than other cities, with renovated homes in all three neighborhoods surveyed selling for more than $100,000. So too was the San Francisco market where Mint Hill three-flats could be purchased for $40,000 to $50,000 unrenovated and $175,000 to $225,000 renovated.

Neighborhoods with more modest price levels included Atlanta's Virginia Highland where a $30,000 unrenovated house reportedly might sell for $40,000 to $50,000 renovated; New Orleans' Irish Channel area where four years ago $12,000 was estimated as the purchase price for an unrenovated house now worth $35,000 renovated; New Bedford's West End where $12,000 would buy a house which might sell for over $24,000 renovated; Pittsfield's Jubilee Hill where an $8,000 to $10,000 duplex might increase three times in cost to around $28,000 renovated; and San Antonio's King William area where a $10,000 unrenovated house might sell for between $30,000 and $40.000 renovated.

These price increases reflect high demand, but they also reflect the removal of certain factors which may have depressed neighborhood housing prices below what they might have been in another area. In some instances, redlining has been an important factor in keeping prices depressed and sometimes persists even after prices have increased. Among those neighborhoods surveyed by the Coalition, financing was generally reported to be a problem until late in the rehabilitation cycle. Even then, loans for purchase were much more readily available than loans for rehabilitation. There were instances where an interested financial institution either underwrote the formation of a development company (Bridgeport People's Savings Bank in Bridgeport's South End), or underwrote conventional loans in the community (Cardinal Federal Savings and Loan in Cleveland's Ohio City), but these were not common.

Where respondents offered information about rent levels, those levels seemed to be keeping pace with the increases in housing prices. In Cleveland's Ohio City, an unrenovated two bedroom apartment which rented for $60 per month was reported to cost $350 per month renovated.

In the Mint Hill area of San Francisco, tenants in renovated buildings were reported paying $125 per month per bedroom — a prohibitively high rate for the families who had lived there previously.

In Washington's Dupont Circle area where rents have skyrocketed, a two-bedroom apartment which rented for $125 per month unrenovated was renting for $425 per month renovated. Even in Minneapolis' Stevens Square where General Mills took an active part in restoration of multifamily buildings and where rent increases were held down so that longtime residents could afford to remain, $40 to $60 increases per month were the rule in apartments which had cost around $100 to $120 per month before renovation.

As the Stevens Square case demonstrates, some increment in rental levels is inevitable as landlords pass on the initial cost of rehabilitation, the increased cost in property taxes, and, in many instances, the purchase cost of the renovated or unrenovated structure. Above and beyond these necessary increases, however, some landlords attempt to charge whatever the market will bear. And, in many neighborhoods undergoing private-market rehabilitation, the market will bear considerably more than a moderate return on investment.

Professionals and white collar workers tend to displace blue-collar workers and the unemployed.

This finding is closely tied to the preceding one concerning the general increase in household income after rehabilitation. Over 80 percent of the neighborhoods responding indicated that professionals and white-collar workers lived there after rehabilitation. This 80 percent compares with approximately 30 percent responding that professionals and white collar workers lived there before rehabilitation. On the other hand, blue-collar workers are present after rehabilitation in only slightly over 15 percent of the neighborhoods responding. But they were present in approximately 45 percent of the neighborhoods before rehabilitation. A similar decrease in the presence of the unemployed was indicated. Three percent of the responding neighborhoods indicated the presence of unemployed residents after rehabilitation, while 25 percent had indicated their presence before rehabilitation.

Since this study seems to indicate that lower income people and the unemployed (blue-collar workers and those on fixed incomes) are being displaced by rehabilitation, it is legitimate to ask where they go, once displaced. While there is no definitive answer to the question, it appears that there are two tendencies. Many people, particularly those who have lived in a neighborhood for many years and have strong cultural ties to that neighborhood tend to stay as close to the neighborhood as possible. (This preference has also been shown by families dislocated by public housing.) Sometimes, they move to surrounding areas, as yet untouched by rehabilitation. Others tend to move to the older suburbs or to outlying neighboring communities where low cost housing is available.

Frank Smith, Executive Director of the Adams-Morgan Association, in Washington, D. C., an affiliate of the NUC, is currently following three groups of families forced to move from one block in Adams-Morgan. He is finding that all his subjects are moving within several blocks of their first residence and that their rationale for selecting homes nearby has mostly to do with a desire to maintain community ties. Those whom Smith has interviewed have cited family, organizational (church, school) and friendship ties as reasons for staying in the neighborhood. For some of the old people, the friends near whom they wished to remain were frequently the few friends they had left.

Those who leave the neighborhood entirely may be moving to older, inner-ring suburban communities. In most cities, the progress of rehabilitation is not yet sufficiently advanced for a trend of this kind to become evident. Nonetheless, where social ties to a neighborhood are either weak or where the cost of maintaining them is too high, the low cost of housing in nearby suburban communities may serve to draw low to moderate income people outside city limits. Some observers in Prince George's County, Maryland, outside of Washington, D.C., have begun to report this phenomenon. One observer in San Francisco said he thought some of those displaced from the Mint Hill area were moving to Oakland. While it is unclear what proportion of this movement is "pull out" and what is "push out", it may be presumed that both forces are at work and the phenomenon warrants further study. Whole metropolitan regions are potentially affected.

Both singles and couples without children as well as families with children are moving into neighborhoods under rehabilitation in significant numbers.

Of the neighborhoods responding that indicated presence of singles and childless couples, 99 percent indicated an increase after rehabilitation. However, the study did not indicate that the singles and childless couples were the only groups moving into rehabilitated neighborhoods in significant numbers, as slightly over 40 percent of the neighborhoods which indicated the presence of families with children indicated that their numbers had increased after rehabilitation In many cases, the rehabilitated areas were composed of a mixture of singles/childless couples and families with children.

Philadelphia's Cedar Park with its wide streets and large single-family homes with yards and trees is an example of a neighborhood which has attracted families with children. The home ownership rate is high in this neighborhood which has been undergoing active rehabilitation for the past three years. Most new homeowners are white, professional couples, about half of whom have children. The percentage of homeowners in the area is rising as abandoned homes are acquired from HUD and subdivided single-family houses are returned to single-family use. Other neighborhoods now attracting families with children include St. Louis' Lafayette Square and Indianapolis' Lockerbie Square.

The elderly are most often displaced.

Almost 80 percent of the neighborhoods reporting elderly residents indicated a decline in their number after rehabilitation. A high proportion of elderly Americans subsist on low or fixed incomes. Thus, whether they are homeowners or renters, they are often not able to cope with a rapid increase in housing costs. In some areas, there are "circuit-breaker" taxes to protect groups living on fixed incomes from property tax increases. This study indicates, however, that this protection is not sufficiently widespread to avoid displacement. While economics appears to be a significant factor in displacement of the elderly, there are two other important factors: (1) Death reduces the number of elderly and their homes are usually bought by younger people, with or without children. (2) In some cases, where the numbers of elderly did not decrease, they were in a certain sense displaced: they moved from their original homes as a result of rehabilitation activity, but they moved to housing for the elderly – often newly constructed subsidized high rises – in the neighborhood.

Many of the neighborhoods undergoing rehabilitation were areas which had a significant elderly population to begin with. Richmond's Fan area had the highest percentage of people over 65 years of age in the city. In Cleveland's Ohio City, in St. Louis' Soulard, in Detroit's Indian Village neighborhood, there were high concentrations of elderly residents. In Soulard the percentage was reported to be 40 percent of all neighborhood residents. In Denver's Capitol Hill the percentage of elderly was well above the city average.

In these neighborhoods and in others the number of elderly citizens dropped substantially after rehabilitation began. In some areas the problem was sufficiently pronounced to induce comment by all those interviewed. New Orleans' Coliseum Square was one such neighborhood. While the elderly had always comprised a substantial proportion of neighborhood residents, their continued presence in the community was seen to be threatened. The elderly were reported renting rooms in "very rundown buildings." Few rental units were left in the neighborhood, and since the old people could afford only to rent, they were unable to locate alternative quarters. Some people in the community were concerned about the problem and were seeking assistance for those who had been displaced.

In Atlanta, in neighborhood after neighborhood, the same phenomenon was reported. In the city as a whole, one realtor estimated that those who lived in renovated properties were largely singles and childless couples, and that before renovation the people in those properties had been chiefly the elderly.

In Houston's Heights and Montrose neighborhoods the proportion of elderly residents was reported dropping dramatically. One developer in the Montrose area said there were very few old people left in that neighborhood. In Detroit's Indian Village, where the elderly had occupied half the properties, a city official estimated that older people comprised only one-tenth of the population after renovation.

In Detroit's West Canfield neighborhood the loss of elderly residents is clear. On one block fifteen formerly single-family homes had been subdivided into 150 small rental units, rented mostly to the elderly. The area received historic designation and renovation began in 1969. On that one block no more than eight rental units remain and the fifteen homes now house their owner-occupants. Gone are the elderly citizens and the other renters who used to live there.

In other neighborhoods where rehabilitation activity is still relatively new and where there are high percentages of elderly people, some observers expect displacement of the elderly to increase. In the eastern part of Wilmington's North Hilltop area, where white middle-aged and elderly people comprised 63 percent of the 1970 population, private rehabilitation activity has been increasing. One city official wrote that while most interest is now focused on large vacant structures which can be purchased for less than $5,000 and "although no major population displacement has occurred to date, projections are that white, elderly home owners on fixed income will increasingly receive offers to sell." Wilmington has a tax abatement program for the elderly which excuses property tax on the first $7,500 of assessed value for all homeowners over 65 years, and this mechanism was expected to be helpful in reducing pressure to sell.

Only where there was public construction of senior citizen high-rises did those interviewed assume the continued presence of elderly people in the neighborhood. In a few neighborhoods, among them Richmond's Fan area and Cleveland's Ohio City, some older retired professionals were moving into the neighborhood but the overall neighborhood balance was nonetheless shifting toward youth.

Homeownership increases substantially; renters are displaced.

This finding, too, jibes with the increase in household income found in areas following rehabilitation. Of the respondents in this study, about 98 percent who indicated a predominance of homeowners in their neighborhoods showed an increase in that group. About 95 percent of those indicating a predominance of renters showed a decrease in that group after rehabilitation. The number of respondents indicating the presence of owner/renter combination units was small; however, all of those indicated an increase following rehabilitation. This study found that the pattern of rehabilitation and the pace of dislocation varied from neighborhood to neighborhood dependent on a number of factors, but that an extremely important factor was the mix of housing stock and the kind of tenancy associated with that housing mix.

1. The Single Family Dwelling Which Is Renter-Occupied

In many inner city neighborhoods, the once fine, large, single-family houses abandoned by the middle and upper classes as those groups left the city have been converted to multifamily dwellings and rented to low to moderate income groups. This phenomenon has occurred in all sections of the country, though the affected housing stock may differ from region to region – from brownstones and rowhouses in many old eastern cities to spacious detached houses in many midwestern and southern cities. In New York's Fort Greene section, single-family residences were converted to rooming houses which sheltered large numbers of single transients. In Indianapolis' Woodruff Place, a mix of blue collar workers with large families and single transients lived in the large, old, rambling homes. in San Antonio's King William neighborhood, large turn-of-the-century homes, subdivided into small apartments, housed a similarly mixed population. Houses like these, which are readily reconverted to single-family residences, are magnets for the first prospective renovator/owner-occupants. Dislocation from this kind of housing occurs early in the rehabilitation cycle from the start-up phase through the take-off phase. This is expecially true if, as in many of these neighborhoods, the homes were originally built for the wealthy and thus are not only soundly constructed but have architectural value as well. As buildings are sold to prospective renovators, renters have little warning and little choice but to leave. Owners have few economic incentives to continue to rent to low to moderate income groups when property values are rising, rents are rising, and demand for single-family dwellings is high.

In depressed inner city neighborhoods houses have sometimes been rented to the same family for decades. Residents of such neighborhoods may have a strong sense of attachment to the neighborhood and little interest in moving away from the community in which they have lived for years.

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These houses, unlike those which have been subdivided, require no substantial alteration for immediate occupancy by another family and, because they are not owner-occupied, the owner is usually more amenable to immediate sale. If the houses have escaped subdivision because they are smaller than nearby houses converted to multi-family use, they may be less desirable to first-wave renovators. The relative pace of dislocation from these two housing types will depend upon the housing mix in each neighborhood. As with single family houses converted to multifamily use, some owners may choose to continue to rent their houses until relatively late in the rehabilitation cycle in order to garner a higher profit. But for this type of dwelling as well, owners have strong incentives either to sell or to rehabilitate and rent at a higher price.

Here too, the tenants rarely have any recourse when the houses they are renting are sold. Local ordinances may provide some protection to the tenant. In Washington, D.C., the law allows tenants first option on the purchase of the house in which they are living, but even those who have the capital to buy may not be aware that the law exists. One Washington resident reported that when the home which he had rented for eleven years was sold without his knowledge, he was told to keep the last month's rent and was given sixty days to move. At first the agent for the new owner told him that he could move back after rehabilitation work if he were willing to pay a higher rent.

Then, after rescinding the offer by saying that the property would be rented to the owner's daughter, the agent rented the house to an entirely different family at a higher rent. Such stories are not unusual. Longtime renters may have few economic resources and little information on which to draw and thus little recourse when the landlord wants them to move.

2. The Multifamily Dwelling Which Is Readily Converted To Single-Family Use Or Rehabilitated For Upper Income Rental

In some cities, structures originally built to house two or more families may also be subject to early waves of reinvestment. If the structure is readily convertible to single-family use it may be subject to rehabilitation from the start-up phase. For example, in New Orleans' Marigny and Irish Channel neighborhoods young singles and childless couples – professional and white-collar workers – have purchased and converted duplexes to single family use. In the Irish Channel area in the past three years of rehabilitation there has been a significant decrease in the number of low income or unemployed tenants coinciding with the strong increase in homeownership. As with housing which is returned to single-family use, rehabilitation and conversion of multifamily buildings may mean summary displacement for those who were renting there.

Moderate sized multifamily structures which are not subject to conversion to single-family use are subject to rehabilitation for high rentals. In neighborhoods where there is a mix of this type of building with single-family dwellings, rehabilitation generally begins with investment in the single-family houses, but it may move later in the buy-in phase to smaller multifamily units. At this stage, owner-renovators may occupy one unit and rent the others to generate extra income. In the take-off phase and later, these buildings may be rehabilitated by investor-owners interested in immediate rental income and eventual sale profits. Here too, those dislocated are renters without much recourse as ownership is transferred and/or rehabilitation begun.

An example of a neighborhood composed primarily of two- and three-flats is San Francisco's Mint Hill. Here, with few single-family houses to attract initial investment, start-up phase activity centered on these multi-unit buildings. Young couples and groups of single men began investing limited resources in the neighborhood about five years ago. These first owner-renovators generally purchased a three-flat, did the necessary repair work and occupied one flat while renting the others. The funding was reported to be purely private. About two years ago, those interviewed reported the onset of a wave of speculative rehabilitation. In that part of Mint Hill undergoing the most intensive rehabilitation, prices were reported to have skyrocketed. Recent purchasers were seen as investment oriented, and recent renters were described as groups of professionals able to split the cost of the high rents. One realtor reported that many displaced, minority, low income renters had moved to unrehabilitated apartments in the same area so that, while the overall number of poor, minority residents had dropped somewhat, it had not yet dropped dramatically. One neighborhood association representative reported that of the longtime property owners still in the area many were minority families, but expressed concern that the skyrocketing property values were placing these buildings out of the range of most of these single income families.

3. The Large Multifamily Dwelling

Because it requires a substantial investment, the rehabilitation of large multifamily buildings usually occurs relatively late in the rehabilitation cycle, well into the take-off phase or in the fill-in phase. For this reason, low to moderate income residents most often are reported to be occupying these buildings long after much of the surrounding housing has been rehabilitated for new middle and upper class residents. In some cities, like New York or Washington, D.C., rent control ordinances are in large part responsible for retarding rent inflation and the conversion of these buildings.

Nonetheless, where the demand for such apartments exists, there are reports of large buildings in which apartments are being rehabilitated either for rent or for sale. In Baltimore's extensively-renovated Bolton Hill, landlords are providing new kitchen appliances, new bathroom fixtures and new coats of paint and renting to a new set of tenants. In Chicago's Hyde Park, a neighborhood which saw its first wave of rehabilitation some fifteen years ago, the area is seeing a second wave of condominium conversions. The large, U-shaped apartment buildings which were reported to have housed a significant population of low to moderate income residents, have, for the past four to five years, increasingly been sold as cooperatives or condominiums. Professionals and white-collar workers, who work in Chicago's Loop, are reported to be buying these apartments, thus joining the university-affiliated professionals who have lived in Hyde Park for years. In Washington, D.C.'s well-renovated Dupont Circle area, a similar trend toward condominium conversion is reported.

Because large apartment buildings house large numbers of people, renovation of these buildings can mean a substantial and abrupt change in the overall characteristics of neighborhood residents, the arrival of many new, more affluent tenants, and the accompanying loss of a substantial component of the low to moderate income community. For people displaced from large apartment buildings during the fill-in stage of rehabilitation, there may be little opportunity to find comparable housing nearby, and their departure may mark the final opportunity for low income residents in that neighborhood.

4. The Owner-Occupied Single-Family Dwelling

Single-family homes are a focus of interest in any neighborhood being rehabilitated. Initially this interest is a boon to longtime homeowners who suddenly find that their homes are worth more money and that there are purchasers willing to pay the additional price. "Pull out" is thus more a factor than "push out" in the early stages of rehabilitation; homeowners are choosing to sell and leave the neighborhood. Even so, they frequently have insufficient information available to gauge the market value of their homes or the cost of a new home elsewhere. In the "buy-in", and, later, in the "take-off" phase, they may be subject to repeated unsolicited offers to buy. There are reports of low to moderate income residents selling their homes under such pressure without realizing the high financial costs of replacement and the high psychological costs of leaving established community ties. There are also reports of people who, having sold precipitously, attempted to repurchase their former homes.

"Push-out" begins as the cost of maintaining a home becomes greater than low to moderate income homeowners can reasonably bear. This can happen during the "take-off" phase when longtime homewoners may be presented with citations for code violations which may have existed for years, but which were ignored until reinvestment focused more attention on the neighborhood and enforcement became more stringent. The charge that different degrees of code enforcement are applied to different neighborhoods is not lightly made, but it was mentioned by survey respondents in several different cities. Code violation notices can mean repair bills sufficiently high to make sale of the house the only readily available option to low income homeowners.

Late in the rehabilitation cycle, rising property values of both renovated and unrenovated homes in the impacted neighborhood make the upward assessment of area property value inevitable. An increased tax bill, like the obligatory repair bill arising from code enforcement, may be the one additional expense which makes the neighborhood too expensive for the low income resident. In Baltimore's Charles Village, one neighborhood resident reported a 20 percent increase in the property tax assessment which followed a 70 percent increase in the assessment two years before. In Philadelphia's Queen Village, an elderly owner reported that the 1977 tax assessment of $8,000 was approximately twice the 1974 assessment.

Inner-city residents with low or fixed incomes are those least likely to be able to support increases of this scale. This is true even if initial response to the increased housing values may be positive as with low income residents of St. Paul's Summit-University neighborhood, where rehabilitation is reported to have been going on intensively for the past three to four years. The Summit-University area, with its high percentage of homeownership, is a community which should be watched for homeowner displacement in the next few years. Already the percentages of renters and of minorities in the area are reported to be down as multi-family dwellings have been converted to duplexes and single-family homes.

There appear to be more minorities living in neighborhoods before rehabilitation than after, indicating displacement is taking place. However, a number of neighborhoods report a racial/ethnic mix is maintained.

Of the neighborhoods responding that indicated a minority presence about half indicated a higher number present before rehabilitation. In 37 percent of the neighborhoods no substantial change was noted in the racial and ethnic characteristics of the residents. Thirteen percent of the neighborhoods responding indicated an increase in the number of minority residents.

The evidence from these neighborhoods indicates that displacement of low to moderate income residents, where it occurs, does not clearly coincide with racial or ethnic differences. Nonetheless, some inter-minority and minority/non-minority group tensions were observed.

In many instances, racial and cultural integration is accepted as a positive good by many who choose to rehabilitate the first houses in low to moderate income neighborhoods. They frequently cite as a reason for their decision to live in those neighborhoods the ready exposure to other life styles, the diversity of the urban experience.

Nonetheless, racial and ethnic discrimination is still a fact of American life. It is a fact which explains the lack of resources some inner-city residents have at their disposal and the few options they have when they must move. It is a fact represented by the inordinately high unemployment rate for black and Hispanic Americans, the disproportionate gap between median incomes for blacks and whites or Hispanics and whites, and other less quantifiable, but no less tangible disparities between available opportunity for white and minority Americans.

Where socioeconomic differences coincide with racial or ethnic differences, whites replace less affluent blacks or Hispanic Americans in such a way that the pattern of neighborhood change is clear. Neighborhood residents have only to look around them to see who is newly-arrived and who is not. Houston's Sabine neighborhood is an example of how complicated the question can be in some urban areas. This community, located close to downtown Houston, has been populated chiefly by Mexican Americans. In recent years, white professionals have moved into the area to renovate houses, and they have been working to revitalize the community. Their efforts have included formation of a community organization called the Sixth Ward Association and application to state and national authorities for historic designation of the area.

Houston is reported to have a critical housing shortage. The city also has a large number of Vietnamese refugees, some of whom were originally settled in nearby Allen Parkway Village public housing; others moved from colder parts of the country where they found the climate inhospitable. The Vietnamese are moving into the Sabine area and into the adjacent first ward area, replacing Mexican American and black residents of the neighboring ward.

Church groups have donated materials to the Vietnamese who, by their own labor, are reported to be making significant progress in upgrading area housing. The predominantly white Sixth Ward Association is attempting to assist them in finding housing in the area and is encouraging those who are currently renting to buy. For those who wish to buy, redlining continues to be a significant problem.

Some tension is reported between newly-arrived slightly more affluent Vietnamese and the longtime Mexican American residents. Meanwhile, the Sixth Ward Association, which has been supportive of the first group, is fighting battles on another front to stop both commercial rezoning and speculative renovation of the neighborhood. Association members expect that speculative interest in the area will increase as a result not only of its recent historic designation, but also as a result of downtown development. The Association has attempted, without much success, to contact absentee landlords in order to offer them renovation services in exchange for an agreement not to sell for a given period of years and not to raise rents appreciably. Association members fear that speculator interest in the area will inflate the cost of housing there and will drive both Mexican Americans and Vietnamese out of the neighborhood.

The dynamics of the situation are more complicated than in most cases surveyed. The current dislocation of one group by another, only slightly more affluent, is supported by white neighborhood residents; the total number of minority group residents is thus reported to be rising. Yet all these groups are threatened with dislocation should commercial development extend into the community, or speculative activity raise neighborhood housing prices substantially.

The pattern of racial change may be as complicated as in the Sabine area or there may be no racial change at all. A predominantly white neighborhood may remain all white or a predominantly minority neighborhood all minority. In most cases the incoming population is still more affluent than the outgoing population, but the differences between the two groups are more subtle than in racially changing areas.

Columbus' German Village, Indianapolis' Woodruff Place and Lockerbie Square are examples of low to moderate income white neighborhoods which are attracting white professional and managerial class residents. This white-on-white replacement is most common in midwestern cities of moderate size but it is occurring across the country. In Mountain View, California, for example, young white families with incomes slightly below the city median are replacing often older, less affluent white residents with fixed incomes. And in Baltimore Fells Point and Federal Hill blue collar and white collar families are reported yielding to professional and managerial level whites, many of whom are childless couples or single.

Minority group displacement by members of the same minority group was frequently reported by respondents in the cities studied, though both blacks and Mexican Americans were reported to be undertaking rehabilitation work in some areas. Minority professional and managerial groups were usually buying into improving neighborhoods in the company of whites of similar income level. A notable exception is Albuquerque's South Martineztown. There the Mexican American community has been and continues to be predominant despite rehabilitation which has resulted in a slight increase in income levels and in the numbers of childless couples and a slight decrease in the numbers of families with children and of elderly people. Rehabilitation work in Detroit's Boston Edison neighborhood was also reported to be having little effect on the racial balance in this predominantly black community.

More common were racially mixed neighborhoods which were seeing an influx of both white and black renovators. In Atlanta's West End neighborhood middle class white and black families were reported replacing racially-mixed low to moderate income residents, many of whom were elderly. In Minneapolis' Stevens Square the community still had a mixture of racial and ethnic groups with one respondent estimating that the number of minority residents had risen since the rehabilitation began.

In San Antonio's Monte Vista neighborhood, while the overall number of Mexican American residents was reported to be down slightly, Mexican Americans were also among the higher-income residents moving into the community. One realtor estimated that family incomes, the majority of which were below $15,000 prior to rehabilitation, were now mostly above that figure and that the majority of families with children were sending them to private schools. The number of elderly people had been significantly reduced during the course of rehabilitation activity.

Some racially-mixed neighborhoods were reported to be experiencing white displacement of whites which did not substantially alter overall racial characteristics of neighborhood residents. in South Bend's West Washington Historic District white owners were said to be replacing white renters in the community, which was estimated to be roughly one-third minority. At the same time, the number of owners was reported rising, the number of elderly falling, the number of single people and childless couples rising and the overall income level rising as well. In Columbus' Victorian Village white managerial and professional homeowners were replacing white, low income, South Appalachian and student renters, while the area remained 15 percent minority, 85 percent majority.

In Richmond's Fan neighborhood, which had had few minority residents prior to rehabilitation, respondents noted an increase in the number of blacks, many of them young renters. In New Orleans' Mid City area the number of blacks and Hispanics was reported to be up slightly even though these two groups comprise only a small percentage of community residents. In Atlanta's Virginia Highland area white and black professional and managerial residents were replacing middle income whites, among them blue collar workers and the elderly. The minority population was estimated by respondents to be relatively small.

The Mission District in San Francisco is a neighborhood where the lines between groups are clearly drawn. Site of the first settlement in the area, it has always been the home of Spanish-speaking people in the city. Historically it has also had the lowest percentage of home ownership of any section of the city—15 percent as compared to a citywide average of 30 percent. Money to finance rehabilitation is generally unavailable to community residents, according to one neighborhood representative, and the new owners who have sufficient capital to rehabilitate the area's Victorian three-flat structures, rent their apartments at a rate prohibitively high for the Hispanic families who once lived there. Since the neighborhood has such a high renter population, local groups, while sensitive to the dislocation problem, are reported to be unclear about how to go about buttressing the Hispanic presence there.

In Albuquerque, in San Antonio, in Denver and in Houston people of Hispanic background are being displaced. In other older urban areas, among them New Orleans, Philadelphia, New York and Washington, D.C., the black poor have been forced to leave as whites moved into their neighborhoods. In some of these cities disadvantaged blacks and Hispanics saw dislocation as closely tied to racial or ethnic differences. One black Philadelphia professional reported that an elderly , low income black woman who lived next door had told him, "You watch; soon there won't be a colored person living on this block." There is the perception on the part of many minority group members that housing rehabilitation means black or Hispanic removal by whites. Given the economic differences between these groups, this expectation has considerable basis in fact. But, as this survey has shown, more work must be done before the racial/ethnic patterns that result from private-market rehabilitation can be more accurately identified.

Location As A Factor.

Of those neighborhoods surveyed by the Coalition the vast majority (85 percent) were described as located near the downtown areas. Other neighborhoods were located near major physical attractions or institutional centers. For example, a considerable number of neighborhoods in which rehabilitation is occuring are located near a university, among them St. Paul's Summit-University, St. Louis' Skinker De Baliviere, Richmond's Fan area, Baltimore's Union Square, and Philadelphia's Cedar Park. For those who rehabilitated homes in these neighborhoods, proximity to employment is reported to be a major attraction. The savings were expressed both in economic terms—the savings in fuel and in time commuting—and in terms of the quality of life. Some of those interviewed spoke of convenience as a key consideration; ready access to urban intellectual and cultural resources was deemed as important as ready access to employment. The value placed on such access seems not only to draw initial interest in neighborhoods susceptible to rehabilitation but also to sustain that interest.

Interest in Older Housing

While inflation and the rise in new housing costs cannot be discounted, it is also true that tastes in housing have changed substantially in recent years. Older housing, abandoned by a previous generation of homeowners, has recently come to be favored by many prospective buyers for the quality and durability of its construction and for its architectural value. Clearly, the present-day costs of building a house with carved wooden banisters or stained glass are prohibitive. This is the kind of housing which predominates in inner city areas. The neighborhoods surveyed by the Coalition include some of the oldest in their cities. More than half of those areas reporting were either designated historic by national, state or local authorities or were in the process of applying for such designation at the time they were surveyed.

Resistance to Applications for Historic Designation

Two neighborhoods surveyed by the Coalition demonstrate the issues at stake in neighborhoods where application for historic preservation has brought vocal resistance by longtime neighborhood residents. Those areas are Denver's Five Points and Baltimore's Union Square where longtime residents have observed the effects of historic designation in nearby neighborhoods – dramatic increases in housing prices, increased numbers of professionals moving in, and significant dislocation of low income people – and have concluded that such designation would be harmful to their best interests. They do not as a rule share their affluent new neighbors' enthusiasm for restoring houses to their original look. Many of them clearly cannot afford such interests and thus cannot benefit from the tax advantage granted property designated historic. Their resistance to historic preservation becomes symbolic of their resistance to change from outside forces.

In Denver's Five Points community, residents could look to Clements on one side and Curtis Park on the other to see how private market housing rehabilitation in general and historic designation in particular were changing neighborhoods. The issues of racial difference and historic designation were both present. In Curtis Park, part of the neighborhood which, prior to rehabilitation, had a 50 percent absentee ownership rate and a minority population (black and Mexican American) of roughly 80 percent– numbers of low income minorities, especially blacks, had been falling since rehabilitation began. There was evident racial tension between incoming and outgoing groups.

When proponents of historic designation suggested that part of Five Points between Clement and Curtis Park be designated historic, they encountered opposition from a black businessmen's group and from some area residents. Some observers concluded that the basic underlying issues were economic. "The economics of historic preservation work against low income people," asserted one community leader. And one city official called it a class conflict which was more economic than racial. The businessmen's group were concerned about who would control redevelopment of the Five Points area and how that development would proceed – through preservation or through rehabilitation combining clearance and construction. But broader issues were also raised.

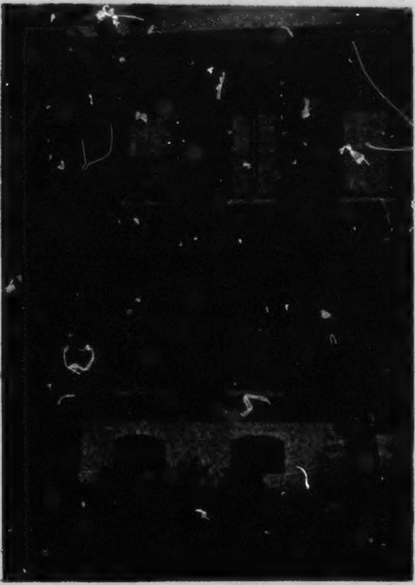
"Whose history is being preserved, and at whose expense?" asked one community leader. The businessmen's group questioned whether historic preservation was in the interest of people who were already living in the community and it strongly objected to the way in which application was made and designation announced without any notice to the impacted community and without any public review. One man commented that the first time some Curtis Park residents discovered they lived in an historic area was when someone knocked on their doors to offer them a $6,000 cashier's check to buy their homes. He advocated more community control in the designation process – public meetings on the question and neighborhood polls.

Residents of Baltimore's Union Square, like Denver's Five Points, have engaged in considerable debate over the question of whether historic designation granted in 1970, should be extended from the several block area, in which H. L. Mencken once lived, to include a larger portion of the neighborhood. The occasion for community resistance was a hearing on this question by the Baltimore City Council.

The Coalition for Human Preservation put out a pamphlet entitled "Don't Let Historical Preservation Eat Up Our Neighborhood." The pamphlet advised homeowners that approval of historic designation would mean increased property taxes and the possibility of code violation notices as a means of forcing them to do exterior renovations or to sell. It advised renters that approval of historic designation would mean increased rents, and, since those on low or fixed income would be unable to afford the increases, larger numbers of middle and upper-middle income people who could afford the higher costs would move in. It advised that those who benefit from historic designation own a lot of property, speculate on real estate, and care more about building exteriors than people, and it emphasized a connection between historic preservation, speculation, and other commercial ventures.

At the time of the 1970 Census, Union Square was a principally white, low or fixed income blue collar area which was 60 percent renter; the average income in this community was under $6,000 per year. The neighborhood, within a mile of Baltimore's Inner Harbor area which is seeing considerable reinvestment, is also near graduate schools of the University of Maryland and thus was of potential interest to young professionals.

Real estate transactions in the original historic area showed substantial profit taking by those who sold to young professionals, and community leaders feared that a similar escalation of housing costs in the proposed historic area would price current residents out of their neighborhood.



Dislocation was seen as a problem in Union Square, and one of those interviewed suggested that while it was a problem in other Baltimore neighborhoods, those other areas had no central issue to spark "needed community organization." In Union Square, unlike Five Points, no racial differences separated new and old residents, but racial concerns were important to longtime residents whose low income level made alternative housing difficult. Predominantly black housing projects were reported to be an alternative which poor, displaced whites were unlikely to consider, and the amount of low cost private housing available was reported to be limited.

To those who support historic preservation, community resistance to renovation work has come as something of a surprise, but scattered incidents have been sufficient to make historic preservation for all neighborhood residents the theme of some concerned preservation groups. One such project in Savannah, which was supported by the National Endowment for the Arts, has drawn national attention. Given the large number of improving neighborhoods surveyed by the Coalition, strategies to make historic preservation work for low income residents are badly needed.

The Role of Public Transportation

In some cities public transportation patterns, which are useful predictors of development, play an important role in establishing the location of rehabilitation areas and in sustaining the growth of rehabilitation activity. In some neighborhoods, respondents to the Coalition survey mentioned easy access to public transportation as one important factor in attracting investment to the area. The boom of interest in

Washington's Capitol Hill, for example, was reinforced by the announcement that the new subway system would give residents of that area ready access to downtown. New Orleans' Algiers Point was reported undergoing rehabilitation more slowly than neighborhoods on the east bank and public transportation patterns were given as an important reason.

Opposition to Revitalization

The feeling on the part of longtime low income residents that they are being pushed out exists in a number of communities, but has resulted in little organized effort on their part. The study noted an undercurrent of tension throughout a number of the interviews.

The most dramatic example of this tension and its possible impact on urban areas comes from Philadelphia's Spring Garden neighborhood, for years the center of that city's Puerto Rican community. In the past five years, since housing rehabilitation activity began in Spring Garden, the number of Puerto Ricans was reported to be dropping, especially in the outlying sections of the neighborhood.

The May 1977 firebombing of a newly-rehabilitated home in the area gave rise to charges of Puerto Rican resistance to the immigration of more affluent whites. Observers report that whatever the circumstances of that particular case, the potential exists for increased tensions between the two groups. The recently-formed organization, El Comite del Pueblo, which is committed to upgrading housing conditions for Puerto Rican renters referred to the twenty-year Puerto Rican presence in Spring Garden.

The concern about the displacement of low income residents has been noted elsewhere. One neighborhood association in Atlanta was so concerned about the problem some longtime renters were having in their attempt to stay in the neighborhood that the association was actively seeking HUD Section 8 funds to help them. Similarly, in Washington's Dupont Circle a neighborhood group is reported to be advocating the use of Section 8 funds in order to keep the area from "becoming a white collar ghetto".

Still, the external threat to the very existence of the neighborhood may unify longtime and newly arrived residents, especially homeowners, in resistance to commercial use zoning. In Houston's Sabine or in Washington's Dupont Circle areas, professional whites who had renovated homes in the area were leading the fight to maintain the integrity of the residential neighborhood.

And while some low to moderate income residents recognized a fundamental interest in this battle, their sympathies were mixed. One elderly woman who had lived in her neighborhood for sixteen years said she opposed the destruction of old houses and apartment buildings and parking lots, but she was, nontheless, unpleasantly aware that her allies in this fight were altering the face of her neighborhood in other ways.

Financing Rehabilitation

Financing for rehabilitation in inner city neighborhoods comes from a variety of sources, public and private. Private financing is often difficult to obtain in the early stages of revitalization.

According to a third of the sample of the cities participating in the survey, much of the financing of rehabilitation appears to be from private sources. The breakdown of sources for construction and permanent financing in the neighborhoods were:

Predominantly banks	50%
Predominantly savings and loans	25%
A combination of banks and savings and loans	25%

- In a majority of cases private mortgage insurance was either not available or was available on a limited basis.
- In two-thirds of the cases at the first stages of revitalization it was reported that the renovators had difficulty getting the necessary financing.
- In each city in this sample some form of government assistance was available to leverage the private financing.

Speculation

In cities which were experiencing wide spread housing rehabilitation, in which many neighborhoods were simultaneously undergoing improvement, the Coalition survey respondents noted significant speculative rehabilitation. There seems to be a correlation between the amount of city-wide rehabilitation, the extent of speculative rehabilitation, and the degree of awareness of dislocation as a problem. In those urban areas with extensive rehabilitation, those surveyed frequently saw dislocation as a function of speculative activity. Like historic designation, speculative rehabilitation affects whole areas and represents a threat to the integrity of the existing community which comes from outside the community. Speculative activity is impersonal; monied forces appear to manipulate the lives of those with little money who have lived in the neighborhood and yet have no control over their future there.

Washington, D.C. is one city in which significant speculative rehabilitation is reported and where dislocation is a subject of considerable concern to city residents. In the Adams-Morgan neighborhood speculaters have simultaneously evicted large numbers of tenants in order to rehabilitate and sell the homes in which they lived. Frank Smith, head of the Adams-Morgan Organization, has written about several notable cases in the area: twenty-six properties on one block from which nineteen families or about fifty people were evicted; eight properties on another block from which about fifty people were forced to move, and still another block involving twenty-six properties where about 100 people were evicted.

The wholesale removal of these low and moderate income residents was sufficient to alarm local opinion and in one case, the Seaton Street case, a suit filed by the tenants with the assistance of the neighborhood organization and an interested lawyers group resulted in the opportunity for nine Seaton Street families to purchase their homes. Residents of the other two blocks were not so lucky. In one block, houses which sold for $26,000 after a year's vacancy were sold, still unrenovated, several weeks later, for $65,000. This price, as Smith pointed out, put the houses "forever beyond the financial reach of the average resident of the neighborhood."

In a city like Washington racial differences combine with other issues to create a volatile political atmosphere. The city Council has discussed the possibility of a speculator's tax and the city's newspapers have been full of stories about dislocation.

In city neighborhoods like Adams-Morgan, group evictions may be sufficient to bring to the attention of neighborhood residents the widespread effects of housing rehabilitation. The cause of the problem may, in such instances, be seen as the greed of the speculators. In fact, while speculative rehabilitation may aggravate dislocation, private market rehabilitation is the root cause, if the more subtle phenomenon.

RECOMMENDED ACTION

The Coalition *urges government at all levels* -- federal, state, and local -- to *devise strategies to minimize the adverse effects of private market housing rehabilitation. It recommends that government develop and strengthen programs which provide financial assistance for housing rehabilitation by and for low income residents* through expansion of rehabilitation programs so that they can continue to occupy housing units in improving neighborhoods. The present Community Development Block Grant, Homesteading, and Section 8 substantial rehabilitation programs can meet part of this need on a national level. The new Federal Home Loan Bank should prove a valuable tool for making residential and commercial revitalization funds available in such areas.

Government at all levels -- federal, state and local -- has an obligation to address the problem of dislocation. This obligation exists not only because of this nation's announced commitment to decent housing for every American, but because government, as well as the private sector, must take cognizance of the social and political strains created by displacement caused by reinvestment and historic preservation.

People who are dislocated from improving neighborhoods do not vanish into thin air. Those who are poor take their poverty with them when they move. An improving neighborhood in one part of a metropolitan area will probably mean declining neighborhoods elsewhere unless there is a prudent and creative policy.

Neighborhoods in decline yield a range of problems which are costly to solve and which plague urban areas, problems which fester and are a continuing drain on the vitality of the whole city while they remain unsolved. It would seem more expedient to take steps now, while housing rehabiliation is not yet widespread, to mitigate against the dislocation and embittering effects of this private market activity. It is a matter of preventive medicine, an opportunity to achieve the goal set in the Housing and Community Development Act to encourage "the reduction of the isolation of income groups within communities and geographical areas and the promotion of an increase in the diversity and vitality of neighborhoods."

A still small but significant trend to reinvestment in central cities and the return of what may prove to be a vanguard of the middle class to central city neighborhoods encourage city officials and others concerned about the viability and stability of America's cities. But the other side of the coin is that housing shortages mean difficult times for those on the lowest end of the economic scale. Those who are denied adequate housing represent a potentially explosive political force. The amount of unhappiness and resistance which already exists is amply evident in a number of the neighborhoods included in the survey.

As government begins to address this problem, one of the first requirements is to better test the models of rehabilitation and dislocation. More information is needed about how the mix of demographic, economic and cultural factors influences the pace and scale of housing rehabilitation. There is also need for more data on the effect of housing rehabilitation on urban neighborhoods, particularly how housing costs in improving neighborhoods compare over time to housing costs in the nation as a whole and to those in stable, disadvantaged neighborhoods.

Low to moderate income residents of improving neighborhoods need more than anything else to have increased choice in the face of rising housing costs. To this end, government strategies should include:

1. *Improved access to information.*

Housing counseling, for both homeowners and for tenants, has generally been successful. Low to moderate income residents in the neighborhoods with significant housing rehabilitation activity need to know their rights under existing law, and they need to know the kinds of resources -- housing and related social services -- available to them in their communities.

These resources differ from area to area. They may serve to help residents with the cost of rehabilitation as in Houston's Sabine area where a church organization is making materials available to low to moderate income residents who wish to rehabilitate their own homes and in Newark's Iron Bound neighborhood where recent European immigrants have taken advantage of the Newark Housing Authority program in which rebates up to 30 percent of the value of improvements are granted for work approved and completed.

In some cities particular financial institutions may have adopted criteria for mortgages or for rehabilitation loans considerably broader than the criteria set by other competing institutions. Other local resources may not give tangible support for rehabilitation but they may contribute indirectly to that end as with skills-sharing programs or other cooperative arrangements.

In all localities, assistance with federal programs and grants is badly needed. For many low to moderate income residents the HUD 312 loan and grant program is not easily accessible because the paperwork is so complicated. Some disadvantaged urban residents do not even know that such programs exist and a strong counseling effort would make them aware of these opportunites.

Housing counseling may also make disadvantaged urban residents more knowledgeable about maintenance, rehabilitation design, and repair contracting techniques and about the characteristics of the local housing market.

To provide some of this needed information, the National Urban Coalition advocates that the federal government broaden its program of community-based housing counseling centers to be run in conjunction with state and local counseling efforts. Such centers would consolidate information useful to the host community and would make that information readily available to people in the community. This program need not cost very much money; federal funds might leverage state and local funds for the creation of storefront offices with small staffs which might supplement state or local funds in those areas which already have on-going counseling facilities. Such centers might offer their facilities for various community-run self-help programs or courses. The emphasis would be on what people could do for themselves and how government programs could support their efforts.

2. *Increased resources for rehabilitation* (direct and indirect assistance).

Housing rehabilitation conserves resources by making use of previous investment, it encourages growth of small local firms and the employment of unskilled and skilled workers, and it fosters related reinvestment properties. Further, housing rehabilitation represents a largely untapped market in cities where convenient commuting time has marked the limits of suburban housing development.

Rehabilitation should be as much an opportunity for those on low to moderate incomes as it is for those who are more affluent. Here government can help by expanding direct and indirect assistance programs strictly targeted to these groups. The National Urban Coalition supports direct rehabilitation grant and loan programs aimed at helping disadvantaged citizens, but more strongly recommends government programs which leverage outside investment. These programs are often more effective and less costly.

Because different strategies are needed in improving low to moderate income neighborhoods than are needed in stable or declining neighborhoods, it is important to be able to distinguish between neighborhood types. Government should identify crucial distinguishing characteristics and develop key indicators of each neighborhood type so that government programs may be effectively targeted to specific problems. The key concern of low to moderate income residents in improving neighborhoods is being able to remain where they have been living.

For disadvantaged *homeowners* in such neighborhoods, the need is for longterm, low interest rehabilitation loans and for small grants-in-aid or loans, available on short notice, for repairs to bring homes up to code. These homeowners also need property tax forgiveness protection which would shield them until the time of sale from the full impact of rapid increases in property assessment.

For disadvantaged *renters* in improved neighborhoods, the need is for rental subsidies; for renters of single-family houses, combined purchase-and-rehabilitation-assistance programs sustained by first-purchase options, for low income tenants in larger buildings, the opportunity to form housing cooperatives and scattered-site public housing opportunities in the affected community. For tenants evicted from buildings undergoing rehabilitation, government funds should be made available to assist their relocation to comparable housing at comparable price, and they should be given priority consideration for other government assistance programs in the same neighborhood.

Where possible, government should leverage private investment for such programs. For example, loan guarantee funds are less expensive and may prove a better catalyst for reinvestment than direct loan programs. In some communities, nonprofit housing development corporations have proved effective in providing rehabilitated housing for low to moderate income residents. Government might offer incentives for private investment in such corporations or it might provide necessary start-up funds.

Once a low to moderate income presence is established in a more affluent rehabilitated community, government programs should act to sustain housing opportunities there. Government might be guaranteed first purchase option at a fair return on any house or coop apartment for which it has provided substantial financial assistance so that that house or apartment may be made available to another low to moderate income family.

3. *Improved legislative protection for the disadvantaged.*

Local government should review those statutes which affect the rights of tenants in order to create additional protection for those who live in buildings which are subject to rehabilitation. For example, when the present owner intends to sell or rehabilitate, local law should require written notice to all tenants substantially in advance of the intended sale or improvements. First-purchase options to longtime tenants in single-family houses ought to be required and perhaps even extended to tenants in duplexes and other small multi-family dwellings. A tenant should have certain rights to remain after rehabilitation work is completed, and local jurisdictions should set ceilings on reasonable rent increases based on the cost of completed improvements.

4. *Improved use of existing government programs and policies to promote neighborhood diversity.*

Government programs and policies should reinforce efforts to maintain diversity in areas undergoing rehabilitation:

- HUD-owned abandoned housing which is scattered throughout deteriorated sections of most urban areas is also found in some of the neighborhoods currently undergoing private market rehabilitation. The federal government must act quickly to return this housing stock to private ownership. In improving neighborhoods the housing may be rehabilitated and sold or rented to low to moderate income people who would not otherwise have the opportunity to remain in those communities. The agent for purchase, rehabilitation, and sale or rental might be the city or it might be a private firm which has agreed to limits on reasonable sale or rental costs.
- Urban homesteading and as-is housing programs should be expanded and made to dovetail with rehabilitation assistance programs. A certain percentage of these housing opportunities should go to low to moderate income residents with priority given to those displaced by private market rehabilitation.
- Private financial lending institutions in urban areas have a serious responsibility to be more responsive to the communities in which they are located. Federal regulatory powers should be used to compel responsible and responsive lending practices in all sections of the city. The federal government should also give incentives to lending institutions which institute special programs to provide loans to a wider range of low to moderate income applicants. Such institutions might receive preferential interest rates or special federal depository status.
- Before it is granted, historic designation should be reviewed for the impact it will have on the neighborhood affected. Because such designation seems to promote private market rehabilitation activity, such neighborhoods should simultaneously be deemed eligible for programs aimed at assisting low to moderate income residents.
- Rapid escalation of neighborhood housing prices greatly increases the pressure on low to moderate income residents. In cities like Washington, D.C. in which speculative rehabilitation is widespread, government should act to moderate quick turnover and high profit taking through selective taxing policies.

RECOMMENDATIONS FOR FUTURE STUDY

During the course of this project, the National Urban Coalition identified a number of areas requiring further study in order to assess fully the impact of private market rehabilitation on low and moderate income persons and to understand more clearly the implications that such rehabilitation holds for the future of cities. Some we would hope to pursue, others might be looked into by government and others. The areas include:

- Impact of speculation on the displacement of low and moderate income residents.
- Relationship of tax policy to the rehabilitation of abandoned and other property.
- Delineation of a pattern of rehabilitation activity – phases, timing and duration – and the impact on residents during each of these phases.
- Examination of implications of rehabilitation for tax base – e.g., increase or decrease in demand for social services, property assessments and other like variables that make up the tax base.
- Determination of where the displaced go and what their options are.
- Analysis of areas where renters have the first right of return and of whether they exercise this right.
- A compilation of all major studies of urban reinvestment and dislocation.
- Solid documentation of the phases of neighborhood reinvestment and the corresponding effects on neighborhood displacement.
- Design and implementation of longitudinal case studies to track patterns of displacement in highly impacted areas to determine the kinds and levels of support the displaced residents need.
- The systematic survey of a larger sample of cities to gather more conclusive data on all the phenomena in question.
- On the phenomenon of dislocation itself – there should be more extensive study of the effect of different housing types and different tenancy on the numbers of people displaced from neighborhoods being rehabiliated. One question of vital importance to whole metropolitan areas is where displaced people move and what factors govern their choices.
- Other areas for further study include review of the effectiveness of those remedial strategies which already esist. For example, the effect of circuit breaker taxes on the ability of low to moderate income homeowners to remain in improving neighborhoods, the effect of first purchase provisions and other local provisions designed to protect tenants in improving neighborhoods. Further, models for remedial strategies have been suggested to or proposed by local governments. These should be collected to be used as references by other jurisdictions which seek workable plans.

CONCLUSION

Private market housing rehabilitation is occurring in neighborhoods across the country and, where it occurs, displacement of low to moderate income residents is a common, if little understood, problem. This study has concentrated on neighborhoods in which rehabilitation is generally being conducted by incoming groups, where rehabilitation closely follows purchase. The study has not touched at all on neighborhoods where, through government programs, sometimes with the support of strong community organizations, local residents are rehabilitating their own homes.

The National Urban Coalition is concerned that professional and managerial groups will continue to move to previously disadvantaged inner city neighborhoods, to the detriment of the current residents of those neighborhoods. But the Coalition believes that this is not the whole story. One way to moderate the negative side effects of this middle class movement would be to provide a variety of low cost housing rehabilitation loans and grants to low and moderate income people in all sections of our cities through a policy of massive urban reinvestment. This approach may be foreclosed at present by economic and political realities. ties.

Such a housing rehabilitation policy could not only help neighborhoods help themselves but could trigger other improvements. Capital so invested can revitalize the urban economy through increased jobs, taxes, commercial development and local government vitality. And, as some neighborhood groups are demonstrating, rebuilt homes and revitalized neighborhoods can reaffirm a sense of community.

The National Urban Coalition is deeply concerned that housing rehabilitation and neighborhood revitalization by and for all urban residents become a basic building block of national urban policy. The effort to rebuild our cities will depend significantly on our ability to seize every opportunity to promote strong communities which are racially, culturally and economically diverse.

APPENDIX A

METHODOLOGY

- The survey, based on an Urban Land Institute survey of 1975, was initially mailed out to respondents in each of the 44 cities designated for study.

- The survey was designed to determine, for each of the cities surveyed, the number, location, and historic designation (if any) of those neighborhoods undergoing private market housing rehabilitation, the rate and duration of rehabilitation; the kinds of structures improved; the effect of rehabilitation on housing prices; the availability of financing; and the effect of rehabilitation on the social, economic, and racial characteristics of neighborhood residents before and after rehabilitation. City officials in nearly 90 percent of the cities responded with an overview of activity in their inner-city areas.

- From the initial set of responses, a set of 65 neighborhoods was designated for study. In cities like Atlanta, New York, New Orleans, Washington, D.C., and Denver, in which many communities are undergoing some degree of rehabilitation activity, three representative neighborhoods were chosen. The criterion for designating particular neighborhoods was evidence of impact by private reinvestment on low to moderate income people. The next step was a phone call follow-up in which representatives of each of the respondent groups -- city officials, neighborhood representatives, and realtors -- were queried on the effects of private rehabilitation in these neighborhoods. In this phase of the study the Coalition collected information for each neighborhood on location, historic designation, housing types and costs, the duration of rehabilitation, and its effects on demographic characteristics.

APPENDIX B

List of Cities Surveyed

Southern and Eastern

Atlanta
Baltimore
Bridgeport
Montclair
New Bedford
New Orleans
New York
Newark
Newburgh
Philadelphia
Pittsfield
Richmond
Washington, D.C.
*Mount Vernon
*New Rochelle
*White Plains
*Yonkers
Wilmington

Midwestern

Chicago
Cleveland
Columbus
Detroit
Flint
Gary
Indianapolis
Minneapolis
Racine
St. Louis
St. Paul
South Bend

Western

Albuquerque
Denver
El Paso
Houston
Los Angeles
Oakland
Pasadena
San Antonio
San Francisco
Seattle
** Sunnyvale
** Mountain View
** Palo Alto
** Redwood City

*These four cities are covered by NUC's Westchester County affiliate.

** These four cities are covered by NUC's Stanford Mid-Peninsula affiliate.

APPENDIX C

List of Neighborhoods Surveyed

Albuquerque	*Downtown* *South Martineztown*
Atlanta	*Midtown* *Virginia Highland* *West End*
Baltimore	*Union Square* *Federal Hill* *Fells Point*
Bridgeport	*South End*
Chicago	*Near West* *Lakeview (New Town)* *South Shore*
Cleveland	*Ohio City*
Columbus	*German Village* *Victorian Village* *Italian Village*
Denver	*Five Points* *(Clements and Curtis Park)* *Capitol Hill* *Washington Park West/Speer*
Detroit	*Indian Village* *Boston Edison* *West Canfield*
Houston	*Sabine* *Heights* *Montrose*
Indianapolis	*Lockerbie Square* *Woodruff Place*
Minneapolis	*Stevens Square*
Mountain View	*Downtown*
Newburgh	*East End*
New Bedford	*West End* *County Street*
New Orleans	*Irish Channel* *Coliseum Square* *Mid City – City Park*
New York	*Boerum Hill* *Park Slope* *Fort Greene*
Oakland	*Rockridge*
Pasadena	*Villa Park*
Philadelphia	*Queen Village* *Spring Garden* *Cedar Park*
Pittsfield	*Jubilee Park*
Richmond	*The Fan* *Church Hill*
St. Louis	*Lafayette Square* *Soulard* *Skinker De Baliviere*
St. Paul	*Summit–University*
San Antonio	*King William* *Monte Vista*
San Francisco	*Mint Hill* *Mission District*
Seattle	*Mount Baker* *Mann Minor/Madrona* *Capitol Hill*
South Bend	*Park Avenue* *West Washington Historic District*
Washington, D. C.	*Adams-Morgan* *Capitol Hill* *Dupont Circle*
Wilmington	*Boulevard* *Midtown Brandywine* *North Hilltop*

APPENDIX D

The National Urban Coalition
1201 Connecticut Ave., N.W. • Washington, D.C. 20036 • 202 / 331-2400

SURVEY ON HOUSING RESTORATION*

CITY ____________________

SECTION A. Unsubsidized Rehabilitation

1. Do any areas of your city have older, deteriorated housing which is being renovated for market-rate occupancy?

Yes ______________ No ______________
(If yes, please continue with the survey.)

2. Please give the name, general location, and a brief description of these areas. When did renovation begin in each of them?

(Please indicate those areas which have official historic designation, if any, and the kind of designation given. A map showing the general location of rehabilitation efforts would be much appreciated, as would any reports on the subject which might provide greater detail.)

---

*Based on an Urban Land Institute survey, 1975.

For the following questions it is often difficult to acquire precise statistics. We are interested in your broad appraisal of the situation, so please estimate if you have no readily available data and feel free to provide us with your educated impressions.

3. What are the types and numbers of residential structures within definable areas of renovation? How many have been renovated?

Total ________________ of these, renovated ________ %

Single-Family ________________ ________ %

Multifamily ________________ ________ %

For what time periods are your estimates? ________________

4. What would you say is the rate of renovation? (How many structures per year are being rehabilitated?)

City-wide: ________

Neighborhoods: ________________ ________

________________ ________

________________ ________

5. a. What are typical prices of unrenovated single-family structures? (Specify neighborhood if that will make it easier)

b. What are typical prices of renovated single-family structures?

6. Who is doing the renovation?

Prospective owner-occupants ________ %

Private speculative renovators ________ %

Private investor renovators ________ %

Are the proportions significantly different in any of the renovation areas?

7. What are number and characteristics of firms engaged in speculative renovation activity?

8. a. What are the characteristics of the people who live in renovated properties? (household composition, occupational types, income, race, owner/renter status)

OCCUPANCY STATUS	HOUSEHOLD COMPOSITION	OCCUPATIONAL TYPES	ANNUAL FAMILY INCOME	SOCIAL GROUP
___% owner	___% singles and childless couples	___% professional	___% $ 0– 5,000	___% minority
___% renter	___% families with children	___% white collar/ managerial	___% $ 5,000–10,000	___% non-minority
___% combined owner/renter	___% elderly	___% blue collar/ technical	___% $10,000–15,000	
	___% vacant	___% unemployed	___% $15,000–20,000	
			___% $20,000 and over	

b. What are the characteristics of the people who lived in these properties before renovation? (household composition, occupational types, income, race, owner/renter status)

9. What institutions are providing construction and permanent loans? How many?

66-925 O - 81 - 51

10. Do renovators express difficulty with the amount, availability or terms of financing?

11. Is private mortgage insurance available?

Yes, generally ____________

Yes, in certain areas ____________

No ______________________

12. Is new construction occurring along with renovation activity?

If yes, please indicate extent and kind.

SECTION B. Assisted or Subsidized Rehabilitation

1. Does your city government have a program or mechanism to assist or subsidize housing rehabilitation for low and moderate income residents?

Yes No

(If yes, please describe briefly or enclose descriptive materials)

Number of units rehabilitated ____________

Types of structures affected ____________

Single-family ____________ %

Multifamily ____________ %

Are the units in scattered locations __________ or concentrated in particular neighborhoods ________ (please check)

If the units are in particular neighborhoods, please indicate the general characteristics of those areas.

2. Does your state government have a program or mechanism to assist or subsidize housing rehabilitation for low- or moderate income residents?

Yes ______________ No ______________

(If yes, please describe briefly or enclose descriptive materials.)

Number of units rehabilitated ______________

Types of structures affected ______________

Single-family ______________ %

Multifamily ______________ %

Are the units in scattered locations _________ or concentrated in particular neighborhoods _____?
(please check)

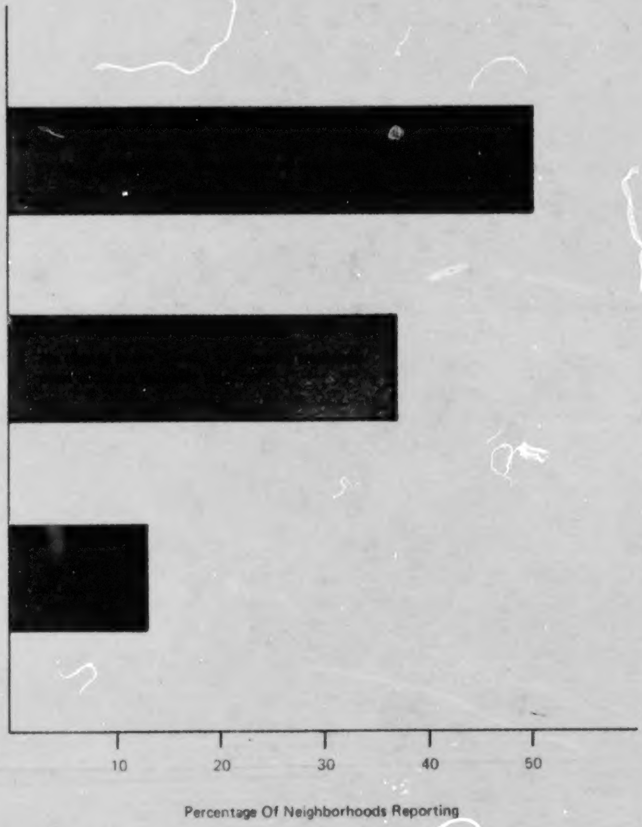
If the units are in particular neighborhoods, please indicate the general characteristics of those areas.

____
NAME

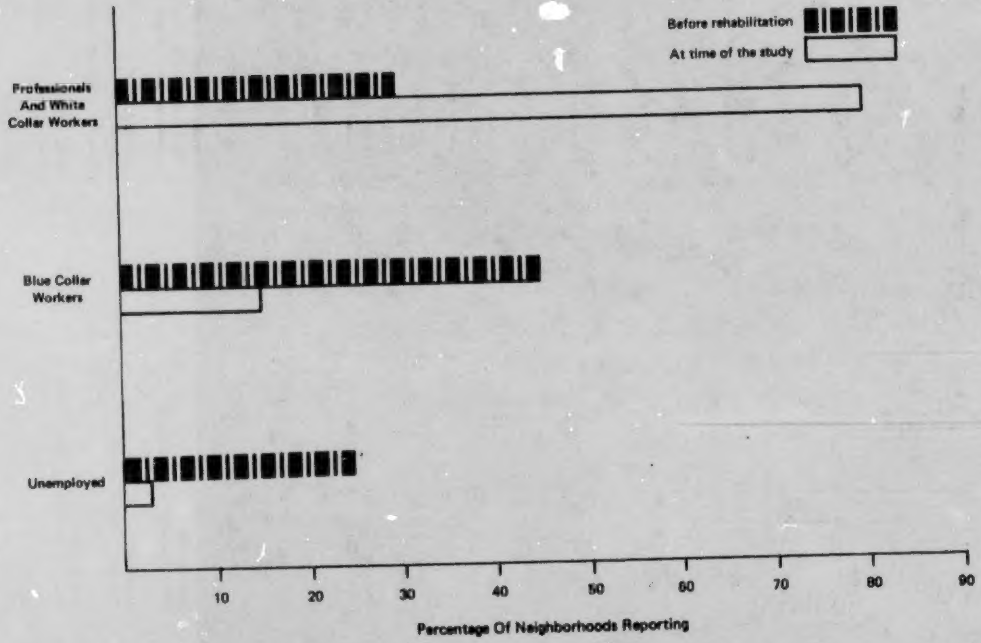
____
TITLE

____
PHONE NUMBER

MINORITY PRESENCE IN REHABILITATED NEIGHBORHOODS



PRESENCE OF PARTICULAR LABOR FORCE GROUPS IN REHABILITATED NEIGHBORHOODS



THE COALITION NETWORK

Baltimore
The Baltimore Urban Coalition

Chicago
The Latino Institute
The Woodlawn Organization

Cincinnati
Community Action Commission of the Cincinnati Area

Columbus
Columbus Metropolitan Area Community Action Organization

Denver
Metro Denver Urban Coalition

Detroit
New Detroit, Inc.

Flint
Urban Coalition of Greater Flint

Gary
Gary Model Cities Housing Development Corporation

Hammond, Indiana
Lake County Economic Opportunity Council, Inc.

Houston
Association for the Advancement of Mexican Americans

Lakewood, Colorado
Western Services Systems, Inc.

Minneapolis
Urban Coalition of Minneapolis

Montclair
Montclair Urban Coalition

New Bedford
Greater New Bedford Urban Coalition

New Orleans
Metropolitan Area Committee

New York
New York Urban Coalition

Newark
Greater Newark Urban Coalition, Inc.

Newburgh, New York
Newburgh Urban Coalition

Oakland
New Oakland Committee

Pasadena
Pasadena Urban Coalition

Philadelphia
Philadelphia Urban Coalition

Racine
Racine Environment Committee

St. Louis
Jeff-Vander-Lou, Inc.

St. Paul
St. Paul Urban Coalition

San Diego
Graduate School for Urban Resources and Social Policy, Inc.

South Bend
Urban Coalition of St. Joseph's County, Indiana

Stanford
Stanford Mid-Peninsula Urban Coalition

Toledo
The Economic Opportunity Planning Association of Greater Toledo, Inc.

Washington, D.C.
Adams-Morgan Organization
Minority Contractors Assistance Project

Westchester
Westchester Urban Coalition, Inc.

Wilmington
Urban Coalition of Metropolitan Wilmington, Inc.

CONTRIBUTING TO THIS SURVEY WERE:

SANDRA B. SOLOMON
ISAAC ADAMS
FRANCES PHIPPS*

Kathleen David
Hilda James
Edward Lieberman
Gertrude Martin
Russell Palmeri

M. CARL HOLMAN
PRESIDENT

SARAH S. AUSTIN
EXECUTIVE VICE PRESIDENT

*Frances Phipps left the Coalition in October, 1977 to join the federal government.

[illegible]

[illegible]

The National Urban Coalition
1201 Connecticut Avenue, N.W.
Washington, D.C. 20036

The National Urban Coalition is an urban action, advocacy, and information organization which brings together representatives of business, labor, and minorities; mayors; and leaders of civic, community, and religious organizations to improve the lives of urban residents and stabilize and revitalize central cities. The Coalition works through a network of local affiliates and cooperating organizations in more than thirty cities across the country. The Coalition's program and advocacy concentration includes employment, national urban policy, economic and business development, urban education, and housing and urban revitalization.

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President: M. Carl Holman. *Co-Chairpersons:* Andrew Heiskell, Aileen C. Hernandez, Sol M. Linowitz, James M. Roche, Raul Yzaguirre. *Vice Chairpersons:* William R. Chaney, Jesse Hill, Jr. *Secretary:* Myrlie Evers. *Treasurer:* Glenn E. Watts.

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When the National Urban Coalition released its two-year study, *Displacement: City Neighborhoods In Transition*, in July 1978, some people still denied that displacement was occurring. But now, from city to city across the country, the evidence is clear. An extensive study in Seattle, for example, recently found that 25 percent of all renters, 27 percent of all low income families, and 34 percent of all elderly people who moved during the study period did so because they were displaced.

There is every indication that, as more Americans than ever before reach the age of household formation and as the supply of new housing is quite simply inadequate to meet the demand, the less affluent will have an increasingly difficult time competing for housing. Much of the demand is for older housing in urban neighborhoods, especially in neighborhoods near downtown centers, and that demand will be aggravated by energy shortages—not enough gas for cars, or fuel for home heating—and other resource shortfalls—not enough wood and other materials for new home construction.

There is the sense that the tide is changing for big cities, but there is also the well-founded apprehension among many longtime urban residents that the tide may sweep them and their neighborhoods aside. In this period of change, neighborhood-based organizations composed of people who have a stake in their community are best suited to turn reinvestment activity to the benefit of all neighborhood residents, to help build stable, economically and racially diverse neighborhoods from the revived interest of the middle class and the commitment of longtime residents.

Out of the belief that the people who actually live in the neighborhoods experiencing change are the people best suited to design solutions to fit the local problems, the National Urban Coalition, under contract from HUD's Office of Neighborhoods, Voluntary Associations and Consumer Protection, has prepared this handbook. Its purpose is to help community groups devise their own solutions to the displacement problems they face by giving them examples of what other groups around the country are doing successfully. It is possible, as these groups have demonstrated, to protect and increase the supply of housing for area residents while nurturing the reinvestment which promotes sounder, safer urban neighborhoods.

M. Carl Holman
President
National Urban Coalition

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1. INTRODUCTION

The National Urban Coalition has been hearing from people around the country who recognize that the less affluent are being displaced as a result of increased housing costs but are at a loss to know how to help. This handbook is intended to acquaint neighborhood groups with strategies to minimize the displacement of low and moderate income residents and to promote economic and racial diversity in their communities. It gives examples of what other neighborhood groups are doing to increase opportunities for low income housing in their communities. It offers, a catalogue of ideas, subsidy and disincentive measures neighborhood groups can advocate, and it provides a list of federal programs which may be used to counteract displacement.

The word "displacement" is often used these days to describe the situation in reinvested urban neighborhoods in which low and moderate income residents are forced, for want of economic resources or the knowledge of alternatives, to leave their homes. Reinvestment neighborhoods are those in which older dwellings are purchased and/or rehabilitated, usually for middle or upper income occupants. In many cases public funds directly or indirectly help finance these improvements. Of course, there has been another kind of displacement going on in central city communities for years. Disinvestment—the flight of private capital, often encouraged and abetted by public policies—has caused the deterioration of many urban neighborhoods and, by making living conditions intolerable, has forced residents out.

This handbook will emphasize displacement caused by reinvestment, for it is a more recent problem, one that low and moderate income groups have had little experience fighting. Given the economic pressures sometimes associated with reinvestment, it is a problem which may accelerate so rapidly that there is little time to acquire the necessary information and resources to help the less affluent stay in their neighborhoods.

Nonetheless, strategies to counteract displacement due to reinvestment have borrowed from strategies to counteract disinvestment. The objective is the same—to provide housing opportunities for low and moderate income people in their home communities. This handbook also offers examples of strategies which neighborhood groups have successfully pursued on behalf of low and moderate income people in disinvested areas. Many of these strategies have the effect of extending to people who would otherwise lack the means or the opportunity of owning the housing in which they live—an approach which many observers feel is finally the only way of protecting low and moderate income people from reinvestment displacement.

Both reinvestment and disin-

vestment may result in a shortage of moderately priced housing; the former when middle income people move into housing once inhabited by the less affluent, the latter when housing once inhabited by the less affluent is abandoned, either condemned as no longer fit for habitation, or removed from the market by public or private interests. Many observers feel that a shortage in the general housing supply has resulted in the recent spurt of investment in previously disinvested areas and that disinvestment, while it persists as a formidable problem for cities, will diminish as the demand for housing, fueled by the coming-of-age of the baby boom, continues to increase. Clearly, in a time of scarce resources, low income people will have increased difficulty finding adequate housing at an affordable price anywhere.

A growing demand for inner-city housing signals an important change for urban areas, many of which steadily lost population, businesses, and jobs during the post-war period. Many middle class households moved to the suburbs and left behind the poor, the elderly, minorities, and the working class. Job opportunities vanished and unemployment grew at a rate disproportionate to the rest of the country as private capital pulled out of urban businesses. Banks refused to lend to homeowners in redlined neighborhoods. Public funds were marshalled to subsidize the growth of the suburbs and to level many central city areas. These and other kinds of disinvestment left many urban neighborhoods in poor repair, with limited opportunities for improvement.

Small wonder that when reinvestment began in certain city neighborhoods it was enthusiastically welcomed by city governments because of the prospect of increased revenues for the city and increased confidence in neighborhoods. Many long-time urban residents also welcomed the rehabilitation of neighboring houses. They were encouraged by the immediate improvements—by the improved city services, for example—which accompanied reinvestment.

However, there are increasing reports from scattered neighborhoods in cities around the country that rehabilitation of older housing, now occurring primarily in the private sector, is spurring a rapid increase in neighborhood housing prices and thus is forcing many low and moderate income people to leave their homes. They are forced to leave for varying reasons: a homeowner on limited or fixed income is pressured to sell at below-market prices or forced to sell because of increased costs, either for repairs to bring the house up to housing code standards or for higher property taxes; a tenant is forced to move either because the rent is increased after the house or apartment is rehabilitated or because his/her rental property is sold for owner occupancy or for condominium conversion.

The patterns of displacement are as varied as the neighborhoods in which displacement occurs, and the definitions of displacement are as numerous. Moreover, to add to the complexity, disinvested and reinvested neighborhoods exist side by side in many cities, and effective strategies to provide low income housing opportunities in one kind of neighborhood may be totally ineffective in another. The economic pressure is much stronger in reinvesting neighborhoods, and housing opportunities are accordingly harder to provide in these areas. But neighborhoods which are successful both in attracting affluent groups and in holding on to those low income people who want to stay will be able to create a new kind of stability in economic diversity.

Because neighborhoods and the problems faced by their low income residents vary so dramatically, the best approach to minimizing displacement is usually devised at the neighborhood or community level. Neighborhood groups can tailor outside assistance to suit the needs of their areas and package different kinds of assistance—from federal, state, and local government and from the public nonprofit and private sectors—as part of a coherent neighborhood-based strategy. Moreover, neighborhood groups can act as brokers inside the community to involve different neighborhood constituencies in making that strategy work. They are able to provide the close-to-home, situation-oriented counseling needed by low income families and to respond quickly to such changes in the community as the planned conversion of an apartment building to a condominium or the reluctance of a local bank to lend to lower income residents.

Neighborhood groups often have an understanding of the dynamics of change in their communities, a capacity for outreach and innovative solution finding, and a base of support from which to act. Armed with information about the neighborhood, about available assistance, and about the principal agents of change in the community (local real estate firms, financial institutions, insurance companies, and local government), they may devise effective strategies to minimize displacement with more insight and sensitivity than other public or private groups.

What attracts reinvestment to some neighborhoods and not to others? Studies of reinvesting areas show that intensive rehabilitation occurs in neighborhoods close to downtown, jobs, and shopping; close to an institution such as a university or a hospital; or close to an area of physical beauty such as a lake or a mountain. It occurs in neighborhoods with attractive, soundly built, older homes, often neighborhoods which have historic character. It occurs along city transportation lines where incoming residents can either walk or take public transportation to work.

Reinvestment seems to start in neighborhoods with several of these qualities and then spreads outward in concentric circles. If your neighborhood is next to a rehabilitated neighborhood, chances are that your community eventually will begin to experience reinvestment.

Reinvestment moves in stages. A National Urban Coalition study, *Displacement: City Neighborhoods in Transition* (July 1978), found four phases of reinvestment activity and noted that it was in the third phase, after confidence in the neighborhood had been established and it was considered to be a fashionable place to live and therefore a good investment, that displacement increased dramatically. In the early phases of reinvestment it is easier to devise workable strategies to counteract displacement because there is less pressure on the neighborhood housing market. If prices are not badly inflated and if private market demand is only moderately heavy, neighborhood groups may be able to compete successfully to maintain low income housing opportunities. Later, as a neighborhood "takes off" or "heats up," it becomes increasingly difficult to marshal the funds necessary to prevent displacement.

Neighborhood groups should evaluate the local housing stock and see where low income housing opportunities can best be preserved. For example, if your neighborhood has a mixture of large multi-family buildings and single-family homes, you may choose to focus your limited resources on maintaining one or two apartment buildings as a way of helping the greatest number of people. Low income residents have different needs for assistance, depending on whether they are owners or renters. The National Urban Coalition study, and virtually every other study, found that renters are among the groups most likely to be displaced when a neighborhood begins to improve. Elderly, minority, and female-headed households are also frequently faced with such forced moves.

Displacement of low income people may occur in the earliest stages without anyone in the neighborhood becoming concerned. The Coalition found that people tend to think about high rents or high property tax assessments as their individual problem, and that even once they become aware that change is occurring, residents take a rather fatalistic approach: they hope that somehow the problem will not touch them. Only when displacement becomes widespread or when there are other related issues involved—like intense speculation—do local residents begin to organize around the issue of displacement.

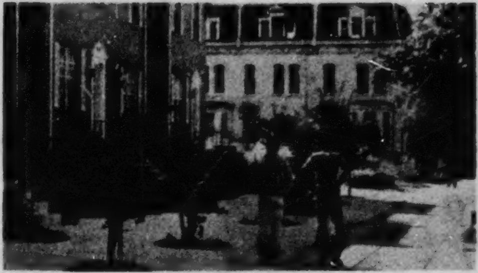
The earlier you gain general acceptance of the idea that displacement is occurring, however, the sooner you can begin to attract the assistance you will need to permit low income residents to remain in their present homes. Identifying the problem and building support for your position are, of necessity, preliminary to pursuing successful strategies to minimize displacement.

Identifying Displacement And Making the Case

If you are to take advantage of the opportunities for economic diversity which reinvestment provides, you must first establish that reinvestment is occurring and that it is having a detrimental effect on the neighborhood supply of low income housing. Then you must convince city officials, local private interests, and nearby residents that something needs to be done to expand housing opportunities for less affluent neighbors. For many residents, observation based on good common sense will be sufficient to persuade them that their neighborhood is changing. In fact, they will probably understand that there is a problem long before you begin to act on it. But for other people in the city, you will have to make a good case that people are being displaced and that this is a problem or will become one in the future. You can use a number of the following techniques to do so.

Direct Observation

If people in the neighborhood can see the signs of change, then your group will be able to bring them to the attention of others as well. Call on people who have been living in the neighborhood for years and record their testimony about the physical and social changes that have occurred. Then, based on their observations and on shared insights and opinions about the neighborhood, plan an information campaign. Take account of the "for sale" signs and architects' signs, the rehabilitation work in progress, and the finished homes. Discuss specific cases in which your low income neighbors were forced to move. Identify areas in which displacement is most intense and areas where you think assistance could most usefully be targeted.



Sales Trends in the Neighborhood

Just by looking at the number of local newspaper ads for real estate sales you can get a sense of whether housing is being bought and sold at a disproportionately rapid rate. For example, the number of listings per weekday for your neighborhood may be two or three normally. If, however, you discover that the listings have increased steadily over a period of recent months and that advertised prices are rising rapidly, reinvestment is probably underway. You can demonstrate patterns of intense sales activity by charting the streets which have attracted the most interest.

One problem with searching the newspaper, however, is that during the earliest stages of reinvestment sales may not be advertised there at all. Real estate interests frequently sell houses back and forth to each other without improving them. This is a form of speculation. By the time the houses are advertised they may already have been sold several times and the prices may be substantially inflated by the intermediate profit-taking. Tenants in your neighborhood may be aware that their building has been sold because a new company collects the rent or because the rent is substantially increased. But, if successive owners use the same management company, tenants may not have any indication of change. City records are usually the best source for sales activity in your neighborhood.

Deed recordations, the official register for transfer of property ownership, provide the most useful evidence of the sales trends in your community. In most, the office of the recorder of deeds keeps an open record of these real estate transactions in order to protect sellers and buyers of real estate as well as participating financial institutions. Your group can train neighborhood workers to look up the lot and square designations which correspond with street addresses. In larger cities they need only know how to use the local deed recordation service like the *Lusk Real Estate Directory* usually available in your local library. The service lists the buyer and seller, the price, the street address, the mortgage being financed, and the lending institution. With this kind of research you should be able to list and track the transactions in the neighborhood and arrive at a clear picture of neighborhood real estate activity within a few

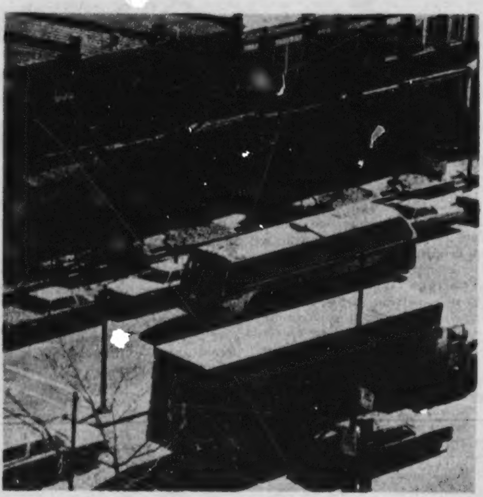
months. You should also be able to observe repeated sales of a particular piece of property. When a house is advertised for sale in your neighborhood, review the history of that property to see how much the price has increased. Property tax assessment records also will tell you a great deal about the neighborhood market and about the housing cost increases which local homeowners have been experiencing. Again, you will need the lot and square designations of each property you want to examine in the assessor's records. In some communities, there are listings of property tax assessments in book form. These may be available in the public library.

Evidence of Moves

Eviction records are not as easy to obtain as other records, but they provide invaluable evidence of people who are being forced out of their residences. In most cities the landlord and tenant courts keep these records. You may have to establish a relationship with a local law school, lawyer, or legal services office in order to win access to the files. In cities which have rent control or other tenants' rights laws on the books, eviction records may be more readily available. Check with the office which is assigned the responsibility of enforcing those rights—for example, a rent control office would have records for evictions from all units under its authority. But remember . . . most tenants vacate simply because of sharp rent increases or failure of the landlord to renew their lease. Hence, eviction records are only one source of information about displacement and do not tell the whole displacement story.

When long-time neighborhood residents are displaced, neighborhood institutions often experience a dramatic change in their service populations. Churches and other religious institutions may lose their membership or may find that their membership is now making special trips back to the neighborhood to attend services. Check with church officials to see if attendance is suffering and if they keep records of where people are going.

Schools also may experience a decline or a significant change in their student body. National studies are finding that rehabilitating neighborhoods attract mostly young couples with no children or with pre-school-age children; they also find that large families with children tend to be moving out of the neighborhood as rehabilitation progresses. While school data—like church data—will not tell you whether families have been displaced, they will indicate where former residents of the community are going, and they will provide dramatic evidence of neighborhood change. You may want to track a few families to see why they moved and whether they think their new housing and neighborhoods are better or worse than their old ones.



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City directories and inverse telephone directories exist in many community libraries. Each provides listings of most residents in your neighborhood. Comparing listings from one year to the next will give further evidence of who has moved.

Utility connections are another source of information on movers. Some gas, electric, or telephone companies may share records on service connections and disconnections for your neighborhood.

Postal service records at your neighborhood post office may reveal which households have filed change-of-address forms. Ask the postmaster if your group can have access to the file of PS Forms 3575 for address changes in your neighborhood. Though you may be told that the federal Freedom of Information Act does not permit private citizens to do this, you may be able to gain access with the support of a public organization such as a state university or local government agency. Be persistent.

Many displacement moves are not due to eviction, and they look on the surface, like any other move. People decide that their rent is too high, so they locate another apartment and give notice. Or, people decide their house is costing too much to maintain and tell their neighbors they are moving for other reasons—"It's too much bother." Elderly people especially, but many younger neighbors as well, may be too proud to admit economic defeat. Community groups recount stories of people who had been active participants in the life of the neighborhood who simply slip away. By making it clear that displacement is a neighborhood problem, your group will be able to encourage such people to seek advice and assistance when they can no longer make ends meet.

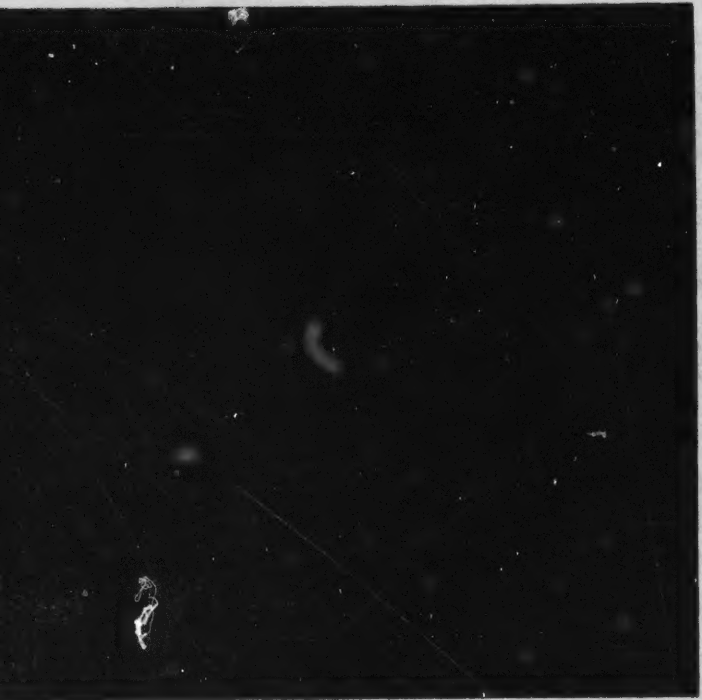
Getting the Information Out

Gathering information through observation, data collection, and analysis will provide you with the tools you need to broaden discussion of displacement. As you use this material to educate and mobilize other residents of your city, you will probably want to coordinate with your information campaign a strategy for seeking funding. While the case studies in this handbook show how neighborhood groups have packaged funds from different sources in projects which preserve the supply of low and moderate income housing, they do not always indicate how groups first obtained the seed money necessary to get projects under way, establish a track record, and acquire the capacity required to apply successfully for government or private funding. Active neighborhood groups are probably already familiar with many important, small-scale fundraising techniques—soliciting small contributions from individuals; organizing block parties, raffles, bake or rummage sales, special car wash or fix-up crews for hire; or soliciting in-kind donations (for example, the printer or the stationer who provides flyers or the merchants who donate the raffle prizes as a gesture of support for your group's goals).

To acquire more sustained support, link your fundraising plan with your information campaign, building your network through referrals. Begin with several project ideas suitable for funding, then as you talk with people in your city about displacement and the projects you plan to initiate, ask for advice about where to seek funding and other non-financial assistance. Community leaders from local religious groups, business firms, and labor unions may be able to help or to suggest people in their networks who are likely donors. Nonprofit community-oriented organizations, some of which are listed in the Appendix, may have affiliates or members in your city able to offer technical assistance, support, or information about people already concerned about displacement. Keep a card file on the people and groups you contact with a list of the referrals each contact gives you. Make a list of people to be approached with a note on what you have been told they can offer.

Mobilizing Community Support

By the time you have assembled materials to make the case that displacement is occurring, you also will probably have involved a number of your neighbors in the process. Gather the evidence your group has collected: the photographs and maps, the examples of longtime residents threatened with displacement. Locate low income families with several children or elderly people who have lived in the area for a long period of time and who have a history of paying their rent and keeping their units clean, but who nevertheless are



facing eviction. Examples of people being forced to leave the neighborhood for want of economic means illustrate the inequity of the situation and will strengthen immeasurably the other information you may have gathered. A circular or a flyer may be a good way to summarize the sales trends and the forced moves your research has uncovered and to describe the displacement occurring in the neighborhood. Then contact other groups in your community and ask if you may make a presentation. Presentations to existing groups—other neighborhood organizations, church groups, local business leaders, women's groups—are an excellent way to begin to muster support for the idea that community action is needed to preserve opportunities for low income people who live in the neighborhood. If there are special interest groups—like civil rights organizations, tenants' coalitions, or organizations that serve the elderly in your area—which are likely to be especially concerned about low income and minority groups, then you should make a special effort to appear before them with your displacement information. Such presentations are likely to win you additionl support and assistance as new people become concerned about the problem. Also, each presentation will help you know what additional tools and information are necessary to make the most effective case.

Your group can also organize informal tours of the neighborhood and share with community and civic leaders the direct observation and oral histories which you have already shared in your group. Invite people who might be able to help you obtain the necessary resources to fight displacement. Use the tours as a way of interesting key people in arranging a speech or other presentation before their groups.

Appeal to all residents in your community. Although you would not be organizing around the question of displacement if you did not perceive a threat to long-time residents, it will best serve your objective if your appeal is positive. Long-time residents have a sense of attachment to the neighborhood which is built upon shared experience and values. This positive sense of community can be communicated. You may find that your strongest allies in the struggle to maintain economic and social diversity in your neighborhood are the first groups of people who rehabilitated houses in your area, who moved there because they sought economic and social diversity. Concentrate on question of fairness and of rights. As you pursue these strategies you will find that you may have the base for a new neighborhood coalition to prevent or minimize displacement.

Mobilizing Support in Your City

Once you have identified people who are interested in helping watch for and document displacement, you may wish to broaden your information campaign. Your first flyer may be expanded to a newsletter or a special paper describing patterns of neighborhood displacement. Print the words of new and long-time neighborhood residents and community leaders in order to build a sense of common objectives, needs, and concerns. In most cities there are citywide housing coalitions and civic groups which you can add to your mailing list and keep regularly informed about changes in your neighborhood housing market.

Getting information out to the general public requires use of the media. As a general rule, the media are interested in an example of displacement, either a story told from a human interest perspective or from the perspective of conflicting or competing interests. Your neighborhood group therefore should try to publicize those kinds of stories.

Familiarize local reporters with your neighborhood. Identify the reporters most likely to write about your neighborhood by calling the city's newspaper offices and asking who covers local housing stories. Then contact these reporters and let them know you intend to keep them regularly informed about displacement in your neighborhood and about the kinds of strategies you are suggesting to minimize this problem. Invite them to come and see the neighborhood and share with them the evidence you have gathered. If they know about your group, they will be more likely to respond when you want to pub-

licize a particular displacement case or a new community resource.

Write press releases which will interest the media in displacement. Remember, a dramatic example is what the media will need to illustrate the situation which you have documented. In writing your press release, use the example you have chosen to dramatize the plight of the family about to lose its home or apartment. If the family has a landlord and that landlord has a history of evictions and outstanding housing code violations, describe these as well. Then include information about the neighborhood as a whole to make it clear your group believes this example is representative of a problem generally faced by low income residents. Weekly papers, often short on copy, may print a press release word for word, especially if it is well written and comprehensive.

Do not be reluctant to approach any media outlet in your city. You have an important and timely story to tell, and most editors and producers will be eager to feature it. Send your press releases to daily and weekly papers and to television and radio news departments.

Local television talk shows may also be interested in doing a segment on your neighborhood. A letter to a local talk show producer outlining the problem and some of the possible solutions, and identifying people—community leaders, local government officials, experts in the field—who might be asked to participate in the program, is an excellent way of informing the general public about displacement in your neighborhood. Producers may be interested in the subject, but may not have the time or staff to do necessary research. If a considerable portion of their legwork is already done, they are more likely to schedule time for the subject. Because television stations are required to provide programming time for community service features, they may be particularly interested in airing your story.

City council hearings, commission hearings, and other public forums are useful for impressing upon local elected officials the necessity of bringing public resources to bear upon the problem. In the end, the displacement issue must be recognized by city officials if your neighborhood is to enlist their support in devising local public policy and channeling available resources necessary to resolve the problem effectively. Make a direct appeal to local officials you think might be especially sympathetic to your case. Public officials must be convinced by your research that there is a displacement problem; they must be persuaded by the broad base of support for your coalition that a solution is necessary.

The strength of your neighborhood coalition, the media coverage of your community, and the city-wide contacts you have made should help your group obtain a commitment for action from your local government and from the public nonprofit and private sectors. What, then, should your group be recommending they do?

The following sections of this handbook will give you examples of neighborhood-based strategies to prevent displacement. These strategies have been "tried and tested" by neighborhood organizations which have the capacity to run housing programs. If your group does not yet have the capacity to administer such programs, you might share the idea mentioned here with people—community development officials or leaders of other neighborhood groups—in your city who have the expertise to advise you. University departments of sociology, social work, urban planning, and public administration, as well as law schools, will sometimes help with neighborhood projects. Or you might consult a national nonprofit organization, often an umbrella for a network of neighborhood groups, able to provide you with the technical assistance your group needs.

2. RESOURCES FOR NEIGHBORHOOD GROUPS AND RELATED STRATEGIES

Strategies Involving Charitable Institutions and Their Networks

Charitable institutions are natural and immediately accessible allies for neighborhood groups. Religious organizations in particular, because they are often located in the community, may be especially concerned with the well-being of nearby residents and with the future of the neighborhood in general. Further, the values to which they are committed are likely to make them concerned about protecting opportunities for low and moderate income people. Your neighborhood group may be able to interest them in displacement as a housing issue which vitally affects the less affluent.

Developing Working Relationships With Charitable Institutions—Organizing Points

- Contact representatives of church and other religious and charitable organizations in your neighborhood to share with them the information you have compiled on displacement and your assessment of priority neighborhood needs (for example, increased homeownership opportunities, affordable rental units, or cooperatives for existing residents).
- Request a meeting with the church council or the policy-making board of the group to solicit their support. Discuss with them ways in which they might assist your neighborhood group in the effort to minimize displacement, including perhaps a joint request for outside support in the form of a grant or loan to finance cooperative programs.
- Identify an activist religious leader, who might be interested in helping your group put together a coalition of concerned citizens gathered through religious networks, committed to common values of equal housing opportunity.
- Investigate other sources of charitable funds. There are foundations which give their money exclusively to local causes. Ask your local librarian for a listing of those foundations. Staff members of local foundations may be willing to help your group devise an application for funding. Representatives of your neighborhood group should go speak with them, prepared to describe the displacement problem and the project they want funded.

The following examples show how two nonprofit organizations, Jubilee Housing and St. Ambrose Housing Aid Center, grew out of the work of people affiliated with religious groups: the former as a direct offshoot of a church; the latter organized around a network of religious activists. From their base of religious support, these groups have chosen to work in specific neighborhoods, around particular housing issues. Jubilee has developed an approach to financing housing which includes private loans and contributions from individuals and groups, and St. Ambrose has formed an alternative real estate company to protect its low and moderate income constituency in Baltimore.

Strategy: Purchase apartment buildings to provide cooperative management and ownership opportunities for low income residents; provide maintenance and property managment training.

Example: Jubilee Housing; Washington, D.C.

Market: The Washington, D.C. housing market is among the most active in the country, with private-market housing rehabilitation occurring in neighborhoods all over the city. Washington's metropolitan area has one of the nation's highest median incomes and its private-sector employment market is booming. The city continues to attract the professional groups most likely to undertake or support the rehabilitation of inner city property and best able to absorb spiraling housing costs. Displacement is widely acknowledged as a serious problem for low and moderate income residents, especially for tenants.

Neighborhood: Adams Morgan is among Washington's strongest real estate sales areas. Property values there have increased as much as 300 percent over the last three years, and they continue to rise each year, creating proportionate increases in tax assessments. Demand for houses and apartments in the neighborhood has pushed rents higher, and both homeowners and tenants are being displaced. An economically, culturally, and racially diverse area where the minority median income is still below the poverty line, Adams Morgan is rapidly being transformed into a middle class enclave. Those displaced are predominately black and Hispanic.

Organization: For many years, the Church of the Saviour has been working with low income residents of the Adams Morgan neighborhood in a variety of social action programs. In 1973 it extended this involvement to low income housing, when it formed Jubilee Housing, its nonprofit housing corporation. Jubilee purchases apartment buildings with contributions and below-market-interest loans from individuals and groups, and then provides low income residents with the opportunity to improve, manage, and eventually become cooperative owners of these properties. Acquisition and subsequent rehabilitation loans are then repaid from the proceeds of a variety of fundraising efforts, $500,000 of which has come from private donations. Jubilee not only provides housing to low income people, but also offers them training and participation in housing management and maintenance. It is now in the process of devising cooperative ownership plans whereby residents and Jubilee Housing will become co-owners of multi-family buildings. The group has thus far acquired five buildings with a total of 185 units.

In addition to its housing program, Jubilee and its parent organization, the Church of the Saviour, provide services that include a health clinic, a Montessori nursery school, children's programs, a thrift shop, and a jobs program. Through its neighborhood coffee house and related activities, it is building a network of people with wide-ranging backgrounds who are active participants in the community.

Jubilee usually sells the greater part of the equity in these buildings—up to 98 percent—to a partnership of high income people who seek a tax shelter. Under a little-used section of the IRS code which enables investors in low income housing to take an accelerated depreciation on their investments, Jubilee obtains a cheap source of investment capital. Lately, Jubilee has begun to secure loans under HUD's Section 312 program (see Appendix for description) to help rehabilitate its properties. The group has so far converted three buildings which include some 150 units.

Contact: John W. Branner; Jubilee Housing, Inc.; 1750 Columbia Road, N.W.; Washington, D.C. 20009

Strategy: Expand ownership opportunities for low income renters; provide counseling; package public, private, and nonprofit resources; compete with for-profit real estate firms.

Example: St. Ambrose Housing Aid Center (SAHAC); Baltimore, Maryland

Market: Baltimore is a predominately blue-collar city in which local government has done much to boost investor confidence. There are signs of reinvestment in scattered neighborhoods, both white and black, and property values in these communities have been rising steadily as a result. Increasing displacement of poor families is occurring in a dozen or so distinct neighborhoods adjacent to the Inner Harbor Renewal

Area and to several of the city's universities and parks.

Neighborhood: When it was first organized, St. Ambrose operated in a disinvested area, Harwood, which only recently began to experience some spillover reinvestment from neighboring Charles Village. Private-market rehabilitation is increasing and beginning to put pressure on the neighborhood market.

Organization: SAHAC had its origin in the civil rights and religious activism of the 1960s. Founded by the Reverend Vincent Quayle in 1972, SAHAC began as a city-wide information, counseling, and referral service for individuals and groups fighting disinvestment and speculation. Later it publicly opposed redlining and foreclosures on low income homeowners. In 1974 SAHAC formed its own real estate company. Within two years it was concentrating its energies on several low income neighborhoods, including Harwood, with an emphasis on increasing low income homeownership there.

Since June 1972 SAHAC has helped over 1,000 low and moderate income families achieve the security of homeownership. The median sale price of the houses was $12,000 in 1973 and $14,000 in 1977. SAHAC's home buyers are low and moderate income black and white families. During the year 1976-1977, 46 percent had incomes of $10,000 to $16,000, and 27 percent had incomes of $5,000 to $10,000. Blacks have outnumbered whites in the SAHAC housing market on a ratio of seven to three.

St. Ambrose has also undertaken the following activities:

- Counseling low and moderate income families on the availability of reasonably priced housing in the Baltimore area and assisting with purchase and mortgage arrangements;
- Operating a real estate company which serves families who otherwise might not be considered suitable homeowners (for example, SAHAC helps households with past credit problems or records of interrupted employment);
- Providing delinquency and default counseling for over 354 families threatened with foreclosure (32.8 percent of the families were reinstated and 27.1 percent were put on payment schedules);
- Providing emergency loans for families about to be evicted and helping low income homeowners petition for reduced tax assessments;
- Purchasing homes from landlords who want to sell immediately and holding those homes until mortgages can be arranged for low income buyers. (SAHAC acquired the capital it needed to make these purchases through loans from local banks backed by private and religious groups); and
- Working with the City of Baltimore to provide repair grants for elderly homeowners in East and Northeast Baltimore. In 1977 SAHAC established its own home repair operation. Its staff includes a general contractor and assistant. SAHAC subcontracts the mechanical work and oversees three carpentry crews, one consisting of neighborhood young men in training. Jobs range from light improvement to total renovation. In 1979 St. Ambrose contracted for over $750,000 worth of work.

Through this network of support from private, public, and financial institutions SAHAC addresses the housing needs of families for whom the private market either cannot or will not provide shelter.

Contact: Father Vincent Quayle; St. Ambrose Housing Aid Center; 321 East 25th Street; Baltimore, Maryland 21218

Strategies Involving Private Sector Interests

Your neighborhoood group should not only solicit the support of the charitable organizations, it should also consider pursuing cooperative strategies with local financial institutions, businesses, and other for-profit corporations. Neighborhood groups have been understandably hesitant about "taking on" such interests for fear they will be overpowered by them. But private sector interests do have a stake in promoting stability in the communities in which they are located. Impress upon firms in your area that reinvestment presents an opportunity to create economically and socially diverse

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neighborhoods and a stable area-wide market, not just improved housing stock, and that they have a responsibility to the communities which support them.

Large firms and other private sector interests are beginning to support rehabilitation work and are providing resources sufficient to make a substantial change in the communities they target for assistance. If neighborhood groups begin to work with these firms or institutions early in the planning process, reinvestment may be made to work for the neighborhood as a whole. It is essential to be involved in the early stages because once private rehabilitation plans are underway, it becomes more difficult to influence them. Some private firms are now trying to devise anti-displacement strategies which focus on couseling and on keeping costs of rehabilitation low so that existing tenants can afford the post-rehabilitation rents. Other private plans stress relocation assistance—for many neighborhood residents this approach is among the least favored.

Financial institutions, which neighborhood groups sometimes view as part of the problem, may also be enlisted to help minimize displacement. Rapidly reinvesting communities ususally attract investments by banks and savings and loans. By pursuing the strategies developed by neighborhood advocates to prevent redlining, your neighborhood group can hold financial institutions accountable for the kinds of loans they are granting. Attempt to negotiate an agreement whereby some portion of the institution's loan funds is designated for low to moderate income residents interested in home purchase, in cooperative purchase, or in home improvement financing. The records of these institutions are now available to you—see the section of the Appendix on banking regulations.

Developing Working Relationships with Private Sector Interests—Organizing Points

- Compile a list of private sector interests in your community that you think might be willing to assist your group. Consider developers, local industries, local or neighborhood businesses, the Chamber of Commerce, and local financial institutions.
- Contact private firms or institutions so you can present them with research on displacement in your neighborhood and so you can acquaint them with strategies to prevent displacement.
- Seek direct support for your efforts and/or propose a joint project. Where applicable, offer assistance as a liaison between the private sector interests and neighborhood residents or suggest possible programs that the firm or institution might wish to pursue on its own.
- Acquire a working knowledge of the Community Reinvestment

Act (CRA) and the Home Mortgage Disclosure Act (HMDA)—see Appendix—so your group can use these laws to obtain support from financial institutions in your area.

- Approach local financial institutions with a laundry list of loans or programs you wish them to introduce or expand, with an agreement or memorandum of understanding to ensure ongoing consultation.

The following examples show how two neighborhood organizations, the Stevens Square Community Organization and the Adams Morgan Organization, are working with private sector interests in their communities: the former advising a for-profit, corporation-owned development firm on low income housing needs; the latter working with a neighborhood savings and loan to make financing more readily available to low and moderate income residents.

Strategy: Plan rehabilitation to minimize tenant displacement, expand rental opportunities for families; expand ownership opportunities for tenants.

Example: Stevens Square; Minneapolis, Minnesota.

Market: Minneapolis has an active housing market with housing rehabilitation occurring in a number of neighborhoods. A city study found a fairly even split between privately and publicly funded reinvestment. New construction is occurring on a very limited scale and is concentrated in the downtown area where highrise luxury condominiums are being built. Overall, the market is tight, with less than a 3 percent vacancy rate for rental units.

Neighborhood: Stevens Square is a community of 3,700 people located just south of the downtown district. Like many inner city neighborhoods, it has suffered from poor maintenance, inadequate city services, and other forms of disinvestment.

Two groups comprise much of the neighborhood population—young, white, low income women (35 percent), and the elderly (47 percent). Most Stevens Square residents are poor. One-fourth of the population earns less than $2,000 per year and two-thirds, less than $4,000. The predominately three-story, walk-up brownstone apartments have many efficiencies and one-bedroom units which are ideal for small households.

Organization: In 1973 the Stevens Square Community Organization (SSCO) was formed to help preserve area housing and to promote neighborhood diversity. The following year it successfully petitioned the city planning commission for funds to support a comprehensive neighborhood plan. SSCO's strategy was to increase use of vacant space and abandoned buildings, preserve the brownstones, lower residential density, and provide adequate social and environmental services. The Stevens Square Design Survey, which SSCO produced, relied heavily upon information provided by community residents.

Several years ago SSCO purchased vacant land in order to build new privately owned rental housing. The organization was particularly interested in providing units for families not adequately accommodated in the area's predominately small apartments. That plan was abandoned, however, and SSCO is now discussing the possibility of purchasing existing duplexes and moving them into the area to house larger families.

Meanwhile, in 1972, Stevens Court, Inc., a for-profit real estate group, in which General Mills holds a 51 percent interest, was formed to purchase apartment buildings—either those with high vacancy rates or those that had been abandoned. With additional rehabilitation funds from General Mills, Stevens Court then remodeled the buildings and put them back on the market at rents about 20 percent higher than prerehabilitation levels.

Despite careful planning and good intentions on the part of Stevens Court to minimize displacement, some residents, especially elderly people and unemployed transients, could not afford the moderate increases in the rents—from $90 to $120 per month for an efficiency unit, from $130 to $180 per month for a one-bedroom apartment. Stevens Court, Inc., provided some of these residents with apartments in nearby unrenovated buildings at comparable rents. In some instances, internal rent subsidies were arranged whereby older tenants in a newly renovated building were charged lower rents and new tenants paid higher rents. The *total* collected rents thus covered maintenance and other costs. In some units, Section 8 subsidies (see Appendix) were used.

Nonetheless, General Mills recently announced that Stevens Court, Inc., has continued to operate at a deficit and is expected to continue to do so for at least the

next five years. It may sell as many as one-half of its rental units for condominium use as it phases out some of its real estate interests in the neighborhood. Still, other investors in Stevens Court, Inc., seem ready to continue operating the remaining rental properties. and the future of the project remains uncertain.

The planning and the upgrading of housing in the area have attracted middle class and professional groups who can afford higher rents, according to a study commissioned to measure the impact of rehabilitation work on the neighborhood. The study also recommended that the corporation work with community groups to convert some Stevens Court property to tenant ownership. Negotiations with SSCO, Common Space (a city-wide cooperative conversion group), and several other groups are presently underway. It appears likely that SSCO and Stevens Court, Inc., will work together to convert some buildings to cooperative tenant ownership.

Contact: Kenneth Wik; Stevens Square Community Organization; One Groveland; Minneapolis, Minnesota 55403

Strategy: Ensure that neighborhood financial institutions are responsive to low income buyers; expand ownership opportunities for low income tenants.

Example: Adams Morgan Organization and Perpetual Federal Savings and Loan; Washington, D.C.

Market: See above, p. 1

Neighborhood: See above, p. 15

Organization: The Adams Morgan Organization (AMO), founded in 1972, is a community organization with an elected council and more than 3,000 members. From the start AMO has been committed to sustaining the diversity of the neighborhood and to helping the less affluent stay in their homes and apartments. On July 21, 1977, AMO and several other neighborhood groups successfully completed a "Loan Policy Agreement" with Perpetual Savings and Loan. This agreement ended a year of debate and negotiation, which began when Perpetual filed a branching application with the Federal Home Loan Bank Board and notice of this application appeared in an obscure secion of a daily newspaper.

Perpetual wanted a branch in the neighborhood because of increased middle class interest in the area, but AMO wanted to ensure that the savings and loan company would not contribute to the displacement already taking place in the community. At issue were Perpetual's lending practices. The issue was not redlining, which occurs when a financial institution refuses to make loans in a given geographic area—Perpetual wanted to lend. The neighborhood group wanted to ensure that it would lend to the less affluent however.

AMO submitted a petition to the Federal Home Loan Bank Board to deny the application, testified in opposition to Perpetual, and organized meetings of interested groups and individuals in the area to be served by the proposed branch office. The neighborhood group said that the past lending policies of the savings and loan had not served the home finance needs of the area's low to moderate income families and that this failure had undercut opportunities for homeownership by those residents. It also argued that these policies had an unjustifiably discriminatory impact upon the minority population of the area and thus violated federal civil rights laws. It cited the savings and loan industry's poor inner city lending record generally. Perpetual courted support from local property owners, and many of them filed letters and petitions in support of the branching application. In so doing, they clearly challenged the standing of the community organization. The community appeared divided about whether to welcome the new branch.

To gather consensus in the community, AMO, working with the Washington-based Public Interest Research Group, circulated a draft loan policy agreement and solicited suggestions throughout the savings and loan's "prime market area" for ways to improve that agreement. It asked Washington's locally elected neighborhood officials, the Advisory Neighborhood Commissioners, to take over the negotiations. And it sponsored a referendum among its membership of more

than 3,000 residents. The AMO referendum asked, "Should Perpetual be allowed to locate a Savings and Loan branch at 18th and Columbia Road? YES ______ NO______; MAYBE______if AMO can work out agreements to safeguard the community interest." Twenty-eight percent of the voters in the referendum said "yes," 42 percent said "no," and 30 percent said "maybe if. . . ." This vote gave the organization the clear mandate it needed to complete negotiations with Perpetual, and it provided convincing evidence that AMO was negotiating in good faith on behalf of the community.

The Loan Policy Agreement commits Perpetual and the community to "work together to provide home financing opportunities to the lower and moderate income and minority residents," and states their desire to maintain the social and economic diversity of the prime market area.

Perpetual agreed to consider applications for mortgages for the conversion of apartment buildings to cooperatives where a large percentage of the tenants were interested in purchasing their units. And it agreed to offer FHA and VA loans, with their lower downpayment requirements, to homeowners in the area.

The most important elements of the agreements were the loan counseling service and the Branch Advisory Committee. The loan counseling service provides both pre- and post-mortgage counseling. When a loan is denied, the bank is bound to inform the applicant of his or her right to appeal to the advisory committee. Perpetual is not allowed to take any final action on a mortgage loan denial until the counseling service and the advisory committee have completed their review.

In addition to its appellate role, the advisory committee oversees the agreement and keeps Perpetual and the community informed about implementation of the agreement. It has the right to meet with a committee of the Board of Directors of Perpetual should it wish to do so.

Contact: Edward Jackson; Adams Morgan Organization; 2311 - 18th Street, N.W.; Washington, D.C. 20009

Strategies Involving Historic Preservation Interests

Historic designation of inner city neighborhoods has been frequently associated with reinvestment and, as far as many neighborhood residents are concerned, with reinvestment displacement. Although it is controversial, historic designation may provide neighborhood groups with an opportunity to improve area housing for existing residents. Proponents of historic preservation are growing more sensitive to the charge that preservationists have ignored the low income community. In some cities, they are working with neighborhood residents, helping them restore and remain in historic buildings.

Historic designation by government has as its objective to conserve or restore buildings of historic value. When a historic district is established, the area is made subject to a legally binding design review process under which demolition, alteration, and construction of buildings in the district are regulated. But designation has been used by real estate interests as a marketing tool to attract middle income purchasers to inner city neighborhoods. By increasing demand, this kind of promotion has been regarded as one that has aggravated the economic problems faced by longtime area residents. One disadvantage for less affluent residents is that restoration work may be more costly than the simple rehabilitation necessary to create safe, functional, and attractive housing.

Nonetheless, an advantage of historic designation is that it may broaden opportunities to attract other public or private resources which have as their main objective expanded housing opportunities for low and moderate income people. Your group may want to advocate flexible application of code enforcement in historic preservation areas and flexible zoning regulation so that while historic structures are preserved, they are also put to the appropriate needs of existing neighborhood residents. Neighborhood groups may wish to advocate special exemptions in local historic districts to allow them to create additional low- and moderate income and elderly housing opportunities there.

Developing Working Relationships with Historic Preservation Interests—Organizing Points

- Contact local historic preservation groups to determine what kinds of areas and buildings are eligible for designation and to obtain the information necessary to assess whether designation will be beneficial to your neighborhood.
- Contact neighborhood groups in sections of your city that have already received historic designation to get the benefit of their experience.
- If your neighborhood has already received historic designation, meet with the main proponents of preservation in your area to make them more sensitive to the housing needs of existing residents and work with them to devise cooperative strategies which will protect the neighborhood supply of moderately priced housing.
- Investigate whether your local jurisdiction has Conservation Districts (an area that can receive historic district status without historic significance), Neighborhood Special Districts (an area with authority to supplement existing municipal facilities), or Special Review Districts (an area in which zoning regulations are modified), or some other approach which goes beyond preservation to neighborhood conservation.

The following three examples demonstrate how nonprofit groups in Pittsburgh, San Francisco, and Savannah are using historic designation to protect housing opportunities for existing residents

Strategy: Provide existing residents of historic areas with counseling and funds to repair and restore their homes; expand ownership opportunities for low income renters.

Example: Pittsburgh History and Landmarks Foundation; Pittsburgh, Pennsylvania

Market: Pittsburgh's housing market is stable. While the city's population is declining at a rate of about 15,000 per year, the number of households has increased, with a greater demand for small, single-unit houses. Housing prices are moderate compared with those in other cities; the average real estate transaction in 1978 was only $32,000. Residential reinvestment is occurring throughout the city, but is especially concentrated on the Central North Side.

Neighborhoods: The Foundation began its work in the Manchester neighborhood, and has since undertaken projects in the Mexican War Streets area and most recently in Station Square, where large-scale restoration of buildings for commercial use is underway in the area adjacent to the central business district.

Organization: The Pittsburgh History and Landmarks Foundation has joined with residents of Manchester, the local Urban Redevelopment Authority, and HUD to provide funds for home repair and community improvement. One of its main goals is to preserve historic houses for those who already live in them.

In 1960 the Foundation began to restore neighborhood buildings with the objective of maintaining the economically and racially diverse population there. It has pursued a number of strategies: acquiring property owned by absentee landlords, offering low-interest loans and free design assistance, and making available information on good restoration work.

One important component of the Foundation's work has been to purchase and restore abandoned houses through the federal leased housing program. The Foundation obtains its financing on the basis of a five-year loan from the local Urban Redevelopment Authority. Once the restoration is complete, it leases the houses to the Authority at a rate which yields a positive return on its initial investment in twelve to fifteen years. Meanwhile, the Authority sublets the houses to low income families at a reduced rate. In effect, the Authority is both the "lending institution" and the "lessee."

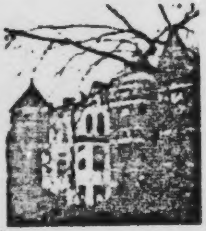
Work began in the Manchester neighborhood in 1964 when the Foundation conducted a study of Victorian houses on Liverpool Street. From the study came the Foundation's first effort with residents and city officials to devise a restoration program. Since then the Foundation has struggled to keep Manchester an area of restoration rather than demolition, an effort that floundered during the early 1970s when federal Section 312 funds were suspended. Throughout this period, however, the Foundation was successful in working with the neighborhood residents to demonstrate the worth of their community and indicate ways in which they could restore it.

There are 1200 houses located in the Manchester project area and residents are eligible for several types of rehabilitation aid. The Facade Easement Program enables owners of historic houses (as designated by the Foundation) to donate or sell the right to restore the front of the house (or any exterior portion of the house that is in the public view) to the Pittsburgh Urban Redevelopment Authority. If the owner sells the right to restore the facade, he or she may receive about one-tenth of the appraised present market value of the property. The Urban Redevelopment Authority then restores the facade and exterior of the house, and it is the responsibility of the owners to maintain the exterior in good condition for twenty years thereafter. Owners can use the proceeds from the easement for any purpose, but they are encouraged to finance further restoration with the money.

When a contract is made with the Urban Redevelopment Authority for a facade easement, steps are taken to repair the interior of the house as well. Federal Section 312 rehabilitation loans as well as grants of $50 to $3500 are awarded to make the interior rehabilitation possible. Grants are available to property owners whose income is less than $4000 per year, to social security recipients, and to property owners whose monthly housing expenses exceed 25 percent of their monthly income. The Urban Redevelopment Authority also maintains a staff of construction specialists and architects who offer free technical assistance by inspecting houses and determining what repairs must be made to bring the house up to Pittsburgh's Area Renewal Code Standard, and then instructing contractors accordingly. The Urban Redevelopment Authority then follows through on rehabilitation work to ensure that it has been completed according to specification.

In 1966 the Foundation established the Mexican War Streets restoration program. With a private grant of $100,000, the Foundation bought several severely decayed houses and repaired them for occupancy by a variety of income groups. The federal government's leased housing program has allowed the Foundation to restore houses and make them available for low income occupancy. The Foundation urged the formation of the Mexican War Streets Society, a group of residents, tenants, and investors who work toward solving community problems and furthering restoration. Its activities include taking positions on issues such as zoning, establishing a network of information sources on restoration, planting trees along the streets, and sponsoring house tours and neighborhood street fairs.

Contact: Arthur Ziegler, Jr.; Pittsburgh History and Landmarks Foundation, The Old Post Office, Allegheny Square West, Pittsburgh, Pennsylvania 15212.



Strategy: Enlist the cooperation of the local housing authority and of historic preservation interests to acquire a multifamily building; broaden the definition of "a historic neighborhood."

Example: Chinatown Neighborhood Improvement Resource Center, San Francisco, California.

Market. Although the population in San Francisco is declining, the demand for housing is increasing, especially among white-collar professionals who want to live in the city. The overall housing market is described as tight, with a vacancy rate of three percent. Rehabilitation activity is on the increase in both the private and public sectors, and displacement is acknowledged as a problem by city officials. Conversion of housing stock to commercial use is a significant source of displacement in San Francisco.

Neighborhood. Surrounded by San Francisco's central business district, the Chinatown area is experiencing displacement due primarily to commercial expansion. Businesses are converting property in the area from residential to commercial use, and, because of the high property values in the area, it is increasingly difficult for traditional neighborhood enterprises—including small neighborhood businesses—to compete. Banks, jewelry stores, and import marts are replacing the shops that catered to area residents and the second floor residential units above those shops. The neighborhood is attracting foreign as well as domestic real

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estate investment.

Organization: A coalition of Asian-American groups, the Chinatown Neighborhood Improvement Resource Center, is working to improve the housing stock and living conditions in Chinatown and to preserve the Asian-American community there.

The Resource Center has advanced an idea of historic preservation which goes beyond the architectural concerns characteristic of conventional historic preservation efforts. This example may be be useful to other community groups interested in preserving traditional social and cultural patterns in their neighborhoods.

In its report, "Displacement of San Francisco Chinatown," the Resource Center calls the area "a living historic neighborhood." The community and historic nature can be found not only in "its ornate parapets, pagoda rooftops and narrow, quaint alleyways," but also, the reports says, in "the historic and cultural richness . . . embodied in the lifestyles of the residential community and in the unique services provided by the small merchants of the neighborhoods."

The Resource Center argues that preservation of Chinatown is important to the actual survival of Chinatown's residents as well as to the survival of the cultural traditions they embody. Many Chinatown residents, especially the elderly, are constrained by language and cultural barriers from moving to other neighborhoods. Dispersion of those residents—whatever the benefits in improved housing for them—would result in the loss of a unique community.

The Center fought unsuccessfully to prevent demolition of the International Hotel, which was leveled in mid-1979. Many elderly Chinatown residents live in such hotels. A description of one hotel submitted to the National Commission on Neighborhoods found that 25 elderly people were living on one floor in rooms, some windowless, measuring eight by ten feet. Roomers slept on the floor and shared common toilet, bath, and kitchen facilities. If these facilities were rehabilitated to meet HUD standards with a private kitchen and bath in each unit, the number of residential units would be reduced substantially. Furthermore, the cost of those rehabilitated units would be increased, and neighborhood groups were concerned that more people would be displaced as a result.

In response to this problem, the Center acquired a five-year master lease on the residential portion of a hotel in Chinatown with a provision that permitted the lessee to rehabilitate the dwelling units. The street-level commercial part of the building was not included under the lease. Using privately donated funds and materials, the Center completed 12 units. Each pair of rooms share a common bathroom and kitchen. Except for about $4000 spent for professional plumbing and electrical work, the Center's staff and several young volunteers, some from the building trades, completed all renovations. The Center manages the residential section of the hotel and has an option to renew its current lease. No federal money was involved in this project. The result is an improved hotel in Chinatown, better housing for the twelve occupants and an effort to preserve the strong Chinese cultural character of a nationally known community.

Under a contract from HUD the Resource Center is continuing comprehensive community planning for projects funded under HUD's Community Development Block Grant Program. The Center is also doing feasibility studies on new public housing opportunities in the neighborhood as one way of easing the housing shortage there.

Contact: Gordon Chin; Chinatown Neighborhood Improvement Resource Center; 1441 Powell Street; San Francisco, California 94133

Strategy: Combine conventional and governmental financing to purchase and restore multifamily buildings for subsidized low income occupancy; employ neighborhood residents to do the rehabilitation.

Example: Savannah Landmarks Rehabilitation Project; Savannah, Georgia

Market: There is a great demand for housing in Savannah. Prices for housing are rising rapidly, and the overall market is tight. The current vacancy rate for rental units is less than one percent and for single family units it is 3.5 percent. While the city population has shown a slight decrease in recent years, Savannah's recent annexation of an area to the south of the city has compensated for the decline in population.

Neighborhood: Savannah's Victorian District is a predominately low income black neighborhood. Only 20 percent of the residents in the 45-block area own their own homes; many of them are elderly. The area abuts the historic downtown area from which thousands of low income black people were displaced in the 1960s when the Savannah Foundation restored 800 homes for occupancy by middle class residents. Since then, a prominent member of the Foundation helped to establish SLRP in order to minimize displacement in the Victorian District.

Organization: In 1978 the City of Savannah received an Innovative Projects Grant (see Appendix for description of this and other HUD programs) of $160,000 and subcontracted to SLRP for the rehabilitation project. By February of that year, SLRP had acquired forty buildings in the neighborhood. Nine of them are now rehabilitated and 10 to 14 units are currently being improved. The Project's goal is to rehabilitate 600 units over the next 10 years. Additional funding has come from HUD loans and private foundation support.

The Project acquires deteriorated houses with private sector funds and then renovates them with financing from HUD's Section 312 Rehabilitation Loan program. It also has plans to train and hire workers from the community, paid with CETA (Comprehensive Employment and Training Act) funds, to do some of the rehabilitation work.

After the houses are rehabilitated, SLRP plans to rent them to people who qualify for HUD Section 8 rent subsidies, with an emphasis on keeping current area residents in the neighborhood. Some of these renters had been paying as little as $50 per month prior to renovation. SLRP intends to pay off its loans in 10 years and then move to some form of tenant ownership.

The Project is not concentrating its purchases in one small part of the Victorian District. Instead, it is spreading its purchases and its renovation efforts throughout the neighborhood in the hope of spawning rehabilitation activity in order to improve the appearance and quality of housing in the District. If successful, the work will maintain a fixed income presence in the neighborhood. But by attracting other reinvestment the rehabilitation may also cause the area to "take off" and promote displacement of low income people not scheduled for SLRP's renovated apartments.

Contact: Loy Beal; Savannah Landmarks Rehabilitation Project; 702 East Duffa; Savannah, Georgia 31402

Strategies Involving Federal Programs to Stabilize Low Income Housing

Neighborhood groups seeking to preserve housing opportunities for existing residents in reinvesting neighborhoods face a critical problem: The very inflation in housing costs which forces low income residents out also makes it terribly expensive for the group attempting to help them stay. In the most vigorous stages of reinvestment, not only are prices high, but the pace at which sales occur can be very rapid.

Neighborhood groups seem to be most successful at helping low and moderate income residents in two situations: if they work in outlying sections of a reinvesting area where revitalization is in its early stages, or if revitalization is just beginning in their community. The St. Ambrose Housing Aid Center in Baltimore is one group which was able to compete with real estate interests for still-inexpensive houses because it began to organize early in the reinvestment cycle.

In most cities rehabilitated neighborhoods exist side-by-side with widespread disinvestment. Disinvestment is still the most visible urban problem, and most federal, state, and local programs still have the objective of combating blight by encouraging reinvestment. However, many of the same techniques for the expansion of low or moderate income housing by nonprofit groups will work in both kinds of urban neighborhoods. In a sense, rehabilitation by and for existing residents—as is most economically feasible in a disinvested area—is the ideal solution for displacement of any kind.

Applying Strategies to Stabilize Low Income Housing—Organizing Points

- Contact neighborhood groups working in disinvested neighborhoods in your city and solicit from them advice on how to expand the supply of low income housing in your neighborhood. Review with them federal and local programs which you might use, especially in sections of your neighborhood which are still in the early stages of reinvestment.
- Determine the eligibility requirements for these programs to see if your neighborhood organization might successfully apply. The nearest federal regional office is a good place to ask for such information (see the Appendix for a list of the offices and their addresses).
- Talk to officers of neighborhood groups in your city who have had experience with these programs and gain their insights.

This section describes three neighborhood groups that have used the federal tools available to promote redevelopment of their disinvested communities. They have encouraged reinvestment by providing low income housing which they own and manage for neighborhood residents, by attracting new employment opportunities, and by providing supportive social services programs. Some of their projects might well be undertaken by groups in neighborhoods experiencing reinvestment. For many of the groups that represent low income interests, the control and/or ownership of land has become key to maintaining economic diversity in their communities.

Strategy: Rehabilitate homes for low income ownership and rental; attract employment opportunities and provide supportive services.

Example: Jeff-Vander-Lou, Inc.; St. Louis, Missouri

Market: Although the city population continues to decline in St. Louis and disinvestment is still widespread, especially on the north side of the city, considerable private rehabilitation activity is occurring in a number of neighborhoods. Along with this reinvestment activity, displacement is also reported. The current rental vacancy rate is 4.9 percent; the rate for single unit dwellings is lower at 2.3 percent. Local officials attribute the continued decline in St. Louis' population in part to black middle class exodus from the city.

Neighborhood: In the mid-1960s Jeff-Vander-Lou, a black neighborhood north of downtown St. Louis, seemed to be headed for large-scale demolition and urban renewal. Plagued by severe disinvestment, over 75 percent of the area was unfit for its intended

use. Additional negative indices such as high crime and unemployment rates, and low educational achievement and income levels did not inspire a reversal of this deterioration. At that time, 85 percent of the community was owned or controlled by 13 real estate dealers. Today the neighborhood is being extensively rehabilitated for existing residents by the Jeff-Vander-Lou organization.

Organization: Jeff-Vander-Lou, Inc., was organized with the objective of preserving its neighborhood and improving the quality of housing there. In 1966, when St. Louis announced a major bond issue to raise money for neighborhood improvement, JVL residents noticed that their area was notably excluded as a potential recipient of these funds. They concluded that their area was scheduled for demolition and began to organize against the bond by investigating past uses of city funds and holding meetings around the city.

In 1967, with the impetus provided by the bond issue, JVL moved to focus on housing code enforcement. By filing 1,200 individual housing code complaints, JVL precipitated negotiations with city officials and local real estate firms and successfully obtained a pledge from the city that there would be no urban renewal in the neighborhood. With the support it generated from private organizations and the federal government, JVL was then able to undertake the program of housing rehabilitation and economic development which it is still pursuing today.

Jeff-Vander-Lou is now rehabilitating hundreds of vacant houses. It has completely rehabilitated 334 units and has built 75 new apartment units. The Brown Shoe Company, attracted to the area by JVL, has built a one-million-dollar plant in the neighborhood, which provided employment for area residents. The company's personnel office is located in a community-managed complex, along with the JVL housing office and a child care center. Medical clinics have been attracted to the area and a senior citizen center provides a hot lunch program and other services to the area's elderly residents. JVL's education program includes the child care center and a Community Resource Center, which gives academic credit in communications to high school students and offers courses on such subjects as bookkeeping, video tape in television production, architectural drafting, and graphic arts. JVL also has organized the Construction Manpower Corporation, which teaches neighborhood residents building-trades skills.

JVL is scheduled to begin a $3-million project to build 88 units of scattered-site housing on land cleared by urban renewal in addition to its 98-unit, $3.1-million housing rehabilitation project already underway. The neighborhood group is rebuilding much of the JVL area and it is doing so primarily for existing residents. All the housing units are fully occupied, and rent collections are over 98 percent. JVL manages its housing program on a flexible rent scale in order to promote economic diversity. Some rents are as high as $265 per month.

For neighborhood groups in disinvested areas adjacent to reinvesting neighborhoods, JVL's strategies have considerable promise as a means of securing low income opportunities through rehabilitation, new construction, and nonprofit management.

Contact: Macler Shepard; Jeff-Vander-Lou, Inc.; 2754 Bacon Street; St. Louis, Missouri 63106

Strategy: Expand rental opportunities for area residents through rehabilitation and new construction; provide supportive services.

Example: Inquilinos Boricuas En Accion, Inc. (IBA); Boston, Massachusetts

Market: Boston has a healthy housing market, one which is characterized by decreasing availability of moderately priced rental housing. The overall vacancy rate has dropped considerably over the past few years and now stands at four percent. Demand for rehabilitated inner city housing is high, and recently the number of condominium conversions has been increasing. Areas of intense rehabilitation activity are the Waterfront, Back Bay, and South End sections. The North End also has experienced spillover reinvestment from the nearby Waterfront area. A reassessment of all city residential property—the first reassessment in years—threatens to raise substantially property taxes for low and moderate income homeowners, especially for those in revitalized areas. Condominium conversion, which has begun to occur in moderately priced apartment buildings, may be felt more severely in the future as more rental units are removed from the market.

Neighborhood: IBA's neighborhood is located in the South End, a section of Boston which is beginning to see reinvestment. In the late 1960s the area had badly deteriorated housing and inadequate city services. Area residents were predominately low income Puerto Ricans and elderly people. Today, the population of the area includes Hispanics, blacks, whites, and Asian-Americans. Because of IBA's work, neighborhood housing is greatly improved, crime is reduced, and the area is cleaner and more livable.

Organization: IBA was organized in 1965 as an Emergency Tenants Council. The Boston Redevelopment Authority had plans to demolish the housing on "Parcel 19," a 30-acre plot in Boston's South End Urban Renewal Area and to convert the land to recreational and commercial use. The organization took the theme "No nos mudaremos de la Parcela 19" (We shall not move from Parcel

19), and concentrated its efforts on preventing displacement and improving area housing.

By 1978, IBA had rehabilitated or built nearly 700 units of housing for area residents, including:

- The rehabilitation of 71 rental units and 136 public housing units for the elderly and for families;
- The construction of a 201-unit apartment building, Unity Tower, for elderly and disabled residents, including health care and other social service facilities;
- The construction of 181 multifamily units and two-family townhouses in a complex called Viviendos La Victoria, which faces IBA's Plaza Betances, a Puerto Rican-style plaza at the center of IBA's building plan; and
- The rehabilitation of 36 vacant or deteriorated units scattered throughout the neighborhood.

IBA also offers community and social services for area residents and for other Boston residents, including:

- Housing counseling to help residents locate adequate housing at reduced cost;
- Training, job placement, and assistance in obtaining union membership and permanent payroll status for skilled and semi-skilled Hispanic construction workers in the city;
- Housing management for IBA buildings staffed by their residents;
- Translation services specializing in health, education, welfare, and law;
- Bilingual, bicultural day care with a center that serves 50 children under five years of age;
- Security patrols to protect area residents and to limit narcotics traffic; and
- Cultural activities to sustain a sense of identity and self-esteem in the Hispanic community.

Initial financing to help undertake IBA's earlier projects came from the Episcopal Church, local private foundations, and anonymous donors. With these funds, IBA was able to secure federal assistance. IBA is considering, as well, financing from the Massachusetts Housing Finance Agency.

Under a contract from HUD's Office of Neighborhood Development, IBA is expanding its community services outreach, rehabilitating a church for community use, undertaking a commercial revitalization project, and continuing its Section 8 housing program. In addition, a neighborhood laundry has been opened, and a closed-circuit television system has been established to provide bicultural information to residents of some IBA apartments.

Contact: Jorge Hernandez; Iquilinos Boricuas En Accion; 405 Shawmut Avenue; Boston, Massachusetts 02118

Strategy: Expand rental opportunities; attract employment opportunities and commercial resources for area residents; provide supportive services.

Example: The Woodlawn Organization (TWO); Chicago, Illinois

Market: While Chicago has a fairly active housing market, it is not a "tight" one. The current vacancy rate is 6.6 percent, 7.5 percent for rental units and two percent for owner-occupied units. There is currently significant private market rehabilitation occurring on Chicago's North Side and some activity in the Mid-Central and South Side areas.

Neighborhood: Woodlawn is a badly disinvested neighborhood on the South Side of Chicago that has suffered extensive residential displacement and commercial deterioration. Abandonment has been severe over the past years. Because of the efforts of TWO, commercial activity is slowly being restored and residential opportunities improved. However, middle-class Hyde Park (home of the University of Chicago) to the north is experiencing a spurt of rehabilitation activity and increased demand for housing, which may soon spill over into Woodlawn.

Organization: The Woodlawn Organization (TWO), originally the Temporary Woodlawn Organization, came into existence in 1960 as an umbrella group for 10 community-based and civil rights organizations concerned that Woodlawn would become an urban wasteland, its population displaced. The organization grew to 115 affiliated members, including church groups, block clubs, senior citizen groups, tenant organizations, and parent groups. Its diverse membership and constituent base have made TWO an organization concerned with many issues. Among them in its early years were education, city services, and unemployment. Beginning with a strong housing program, TWO has moved to undertake revitalization of its neighborhood commercial strip, and to generate employment opportunities for area residents. It also runs a number of social services programs.

In 1970, TWO built a $9.5 million, 504-unit, low to moderate income residential development, Woodlawn Gardens, financed under HUD Section 221(d)(3). It continues to manage those units through the Woodlawn Real Estate Management Corporation, which also manages other commercial, institutional, and residential properties in the area. TWO owns and operates a 101-

unit scattered-site, $32-million, multifamily project financed with Section 236 funds and a $3.4-million development that includes 87 units of low and moderate income housing.

Assisted by the Illinois Housing Authority and HUD, TWO constructed Jackson Park Terrace Apartments, an $8.8-million, 322-unit facility, which is economically and racially integrated (64 percent of the residents are middle income and 20 percent receive public assistance). Construction is now underway at Park Shore East, which will have 205 units of housing for the elderly and 148 units of cooperative housing for low, moderate, and middle income people.

TWO has recently obtained a commitment of $12 million from the private sector to rehabilitate and convert a 305-unit, vacant and vandalized hotel into facilities for the handicapped and the elderly. Negotiations are currently underway with HUD to obtain an Urban Development Action Grant for this project.

TWO complements its housing program with an array of related programs in crime prevention, economic development, youth employment and training, health care, and education. Its security patrol helps to reduce violence and vandalism in Woodlawn Gardens with a 40-guard force drawn primarily from the Woodlawn area.

It has revitalized commercial activity with a shopping center, which grosses $10 million annually, a 15-office medical center, a theater, a newspaper and a printing service. TWO's social service programs include: a detoxification center, the Woodlawn Early Childhood Development Center, a Juvenile Advocacy Program for youths who are being supervised by the courts, and a Child Abuse Counseling Project.

Woodlawn may soon begin to attract spillover reinvestment from Hyde Park, its northern neighbor. TWO has not as yet undertaken much rehabilitation work, although plans are underway to begin work on some older houses in the eastern section of the neighborhood. Private reinvestment is, so far, negligible, and vacant and abandoned houses are still prevalent. If and when reinvestment does occur, the TWO-owned-and-operated housing will serve as an anchor for existing residents of the neighborhood.

Contact: Leon S. Finney; The Woodlawn Organization; 6040 South Harper Street; Chicago, Illinois 60637

Strategies to Minimize Hardship Associated with Displacement—Counseling and Relocation

While this handbook emphasizes strategies your group might pursue to prevent displacement of neighborhood residents, it also acknowledges that however successful you are at using these or other strategies to broaden housing opportunities for low income people, some forced moves are bound to occur. Your group may not have considered how to help displaced people relocate. Many neighborhood organizations feel that if they discuss relocation, they may encourage the public and private sectors to respond to displacement with relocation policies rather than prevention policies. It may be easier to relocate a family than to prevent the circumstances which force them to move.

Nonetheless, if your neighbors are being displaced despite your group's efforts to stop it, you may want to investigate ways in which you can provide them more information about their rights and options. Counseling may save your neighbors time, anxiety, and money. It may also help them find better housing than they would have been able to locate without assistance. Or it may provide them with the information they need to avoid being displaced at all.

The following section discusses counseling as a strategy to inform neighborhood residents about their rights under the law and their options in the local housing market. It also notes some federal and local approaches to relocation assistance that your group might want to pursue for your community.

Counseling

Counseling is an activity that, in many ways, is uniquely suited to neighborhood groups, and many cities have used Community Development Block Grant (CDBG) funds to contract with them for counseling services. With or without funding from federal or local government, your group should consider setting up a displacement counseling program—one that stresses prevention, but that offers help with relocation if necessary. The counseling program provides a resource center and focal point for other anti-displacement activity.

Protection of Rights

Displacement counselors and volunteer legal advisors help protect a neighbor's rights under the law. For example, in a case in which a tenant is evicted, the counselor may check to see whether the notice to quit the premises is valid, whether the landlord has complied with the law, and whether there are grounds for appeal or settlement that would permit the tenant to stay in the unit. Or, for example, in a case in which a homeowner is improperly coerced into selling his or her home, the counselor may check to see whether a binding contract does in fact exist and whether the "sale" may be challenged. Through counseling, people who once might have agreed to move because they felt powerless to challenge a more affluent landlord or buyer, may come to learn that they don't have to move on the terms they have been given. Public interest law groups—primarily neighborhood legal services or the community legal services programs run by local law schools—may be willing to assist your neighborhood group in enforcing whatever laws are on the books to protect residents from displacement.

Relocation Assistance

Counselors can also help protect the right to relocation assistance where it is provided under the law. The federal Uniform Relocation Act of 1970 makes relocation assistance available to people who are displaced as the result of property acquisition for federally funded projects, but the Act currently does not apply to rehabilitation projects in which federal funds are only indirectly involved. For example, when Community Development Block Grant Funds or Section 8 funds are used to support private rehabilitation efforts, households displaced by these activities currently are not eligible to receive federal assistance. Modification of the law to broaden its coverage is being considered in Congress.

Most displacement is occurring not as a result of public sector activity but, rather, private sector activity. In some cities there has been discussion about making the private sector pay relocation assistance when it causes displacement. The District of Columbia Rental Accommodations Act has a provision that requires the landlord to pay the tenant relocation assistance in the amount of $125 per room (in the unit to be converted) when demolition or substantial rehabilitation causes eviction. Further, the law encourages the landlord to help the tenant find comparably priced housing. If the tenant's rent increases because of the move, the landlord must pay the difference for up to a year. So far, however, there is little evidence to indicate that this law has been well enforced. San Francisco has a similar provision for relocation expenses.

Cash Settlements

In cities such as New York and Washington, which by law provide a long waiting period between the date of the eviction notice and the actual eviction (up to six months in some cases), landlords are finding it expedient to offer a cash settlement to the tenant who agrees to waive all rights and move immediately. In Washington, landlords are also offering cash settlements on similar terms when they think a single payment would be cheaper than relocation assistance and where they think the tenant does not know the law.

Displacement counselors can advise tenants before they agree to a cash settlement about whether this would be in their best interest. Sometimes a single payment is more useful to tenants than a few extra months in the building. Sometimes it is in the tenants' best interest to assert their rights.

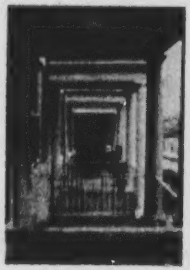
Cash settlements may be subject to abuse, but they also may broaden the options tenants have when they are forced to move. If such payments were more common, neighborhood groups might be able to supplement this money with public or private low-interest loan or grant funds to help displaced tenants purchase a home—in another neighborhood if not in their own.

Displacement Impact Fund

Some people have suggested that special funds should be established by local governments to help people faced with displacement because of private sector rehabilitation. The idea would be to set aside a portion of the additional real estate tax revenues which the city receives as a result of rising property values due to reinvestment activity and to channel those funds either to prevent displacement or to help displaced people. Though no city has yet adopted such a program, discussion of the strategy is growing.

Information on Available Housing

Counselors can help displaced tenants and homeowners learn what their options are in the local housing market and what assistance is available to them. People who have had to sell their homes because of rising costs may not have a good sense of what it will cost them to buy another house elsewhere. Other displaced homeowners may be older people who want to move into an apartment or housing for the elderly, but who, because they have not moved in years, are not aware of all sources of information on housing opportunities. This kind of counseling can reassure such people, who may be frightened or confused, by giving them a sense of control over the task of finding another place to live and a sense of solidarity with other neighborhood residents at a time when they may be feeling very much alone.



Strategies Involving Other Neighborhood Organizations—City-Wide Coalitions

Your neighborhood group can do much by itself to minimize displacement, but its effectiveness can increase dramatically through cooperation with other groups whose neighborhoods are also undergoing reinvestment and displacement. By joining with other groups, the social, economic, and political pressures your group can muster on behalf of its cause will be multiplied. Because various interests in your city may not want to alienate neighborhood groups, the combined voices of residents from different parts of the city will dramatize the critical nature and extent of displacement and the need to concentrate resources to minimize it.

Clearly the potential exists for rivalry or unhealthy competition between neighborhood groups intent on attracting scarce resources. But in cities in which such coalitions exist, they have effectively worked to increase resources, to make local decision-makers much more aware of the needs of the neighborhoods, and to strengthen participating groups.

Clearly, too, the potential exists for polarization along racial or ethnic lines. This has already happened in some cities. But the broader the coalition of interests brought to bear on a problem the better the chances to devise workable and lasting solutions. Most discussion of displacement to date has come from groups representing black, Hispanic, Asian-American, and white ethnic urban residents. These constituencies have more in common on this issue than they have in conflict.

Coalitions can be especially effective in persuading government to concentrate more public resources on the prevention of displacement, to devise more legal protections for low and moderate income homeowners and renters, and to formulate city-wide reinvestment strategies that spread rehabilitation activities more evenly over the city. Coalitions can also give neighborhood groups the opportunity to share the experience they have acquired from the situation in the neighborhood.

Not only can they provide each other with technical assistance, they can undertake city-wide research on the local housing market. Experiences and research that cut across racial and ethnic lines and encompass different kinds of neighborhoods will be all the more persuasive.

A city-wide coalition may choose to focus its attention on one central issue in the beginning. In some cities where the shortage of rental units for low and moderate income groups is particularly acute, city-wide coalitions have organized to preserve and expand local housing opportunities for tenants. These coalitions are attempting to counteract displacement caused by condominium conversion, high-cost rehabilitation of apartment buildings, conversion of subdivided homes from apartments back to single-family dwellings, and conversion of buildings from residential to commercial use. Their tenant advocacy is especially focusing on improving protections for tenants under local laws. Work with your coalition to determine the urgent displacement issues in your city.

Building a City-Wide Coalition—Organizing Points

- To build your coalition, identify other communities in which reinvestment is occurring, and contact neighborhood groups in those areas. Some cities have designated formal neighborhood divisions with which community organizations are connected. In other cities, your group may have to contact the council members of reinvesting neighborhoods, pastors of churches in those areas, or other knowledgeable local figures able to give you a lead on groups to contact. Do not be discouraged if you have to ask many different people before you receive useful leads.
- Particularly if reinvestment displacement is relatively new to your city, the number of people concerned about the hardship it causes may be small. Think of each phone contact as an opportunity for you not only to learn about others who are active in this field, but

to inform them about what is happening in your neighborhood. Your group may want to forge an alliance with organized groups in disinvested areas since your objectives may overlap substantially—to protect the interests of low and moderate income people and to increase housing opportunities for them.

- Contact local civil rights, minority, or ethnic interest groups to share information on displacement. If these organizations are not already working on displacement issues, they are likely to be interested in taking an active role in local advocacy.
- Organize a meeting involving representatives from these organizations and from other neighborhood groups, low income advocacy groups, tenant associations, legal aid organizations, religious groups, senior citizens groups, and so on. In the first meeting identify common issues and agree upon a formal structure for the coalition. Identify other organizations to approach about participation in this effort.
- Consider alternative displacement strategies and discuss what actions are needed to pursue them. Set clear priorities so the coalition has a workable agenda.
- Determine which people and institutions are most involved with reinvestment in your city and meet with them to inform them about the coalition's agenda. Seek to build good working relationships.
- Once the coalition is organized, publicize its activities—e.g., meetings with city officials, fund raising drives—by contacting local television and radio stations and local newspapers and magazines.
- Build an organizational record by keeping minutes of the meetings the coalition holds.

The following examples of city-wide coalitions in Seattle, Washington, D.C., and San Antonio illustrate how effective these alliances can be once they are organized. The Seattle Displacement Coalition and Washington's City-Wide Housing Coalition emphasize tenants' rights; the former primarily through advocacy, the latter through advocacy, counseling, and technical assistance. San Antonio's Communities Organized for Public Service has moved from advocacy to running programs benefiting low and moderate income sections of the city.

Strategy: Organize a city-wide coalition to advocate tenants' rights and preserve affordable rental housing.

Example: Seattle Displacement Coalition; Seattle, Washington.

Market: Seattle has an extremely active housing market and a very low vacancy rate. According to a study conducted by the city, roughly 20 percent of all households which moved during the past five years did so involuntarily; renters, particularly low income and elderly renters, have

been especially affected by recent increases in rent levels. Inflation in single family housing costs is estimated at 40 percent per year. The current vacancy rate in Seattle is below two percent with some neighborhoods reporting almost no available housing. Reinvestment and displacement are occurring throughout the city.

Structure: A coalition of community groups, social service agencies, and individuals.

Organization: The Seattle Displacement Coalition has involved 30 groups working to minimize displacement in that city. They have addressed a broad range of housing issues with the central focus on regulatory policies that protect the supply of affordable housing, particularly for tenants. The Coalition identifies policies that provide immediate economic relief and help build grassroots involvement by the people threatened with displacement. The coalition has taken an active role in a number of housing-related issues at the city level, including: condominium conversions; rent increases; demolition of structurally sound, affordable housing; discrimination against the elderly and families with children; and the impact of the city's new land use policies on its ability to provide and encourage an adequate supply of subsidized and low-cost housing in all parts of the city.

Political pressure exerted by the Coalition has resulted in increased city attention to low income housing needs and an increased allocation for housing under the Community Development Block Grant program (from three-and-one-half million dollars in 1979 to six million dollars in 1980).

The Coalition in 1978 successfully lobbied for a three-and-one-half month condominium conversion moratorium that was followed by a new city ordinance providing improved protection for tenants affected by conversion. Tenant and senior citizen organizations were particularly effective in coming together on this issue. Early in 1979 the Displacement Coalition led a successful effort to amend the city's Open Housing Ordinance to provide protection for the elderly and families with children. Senior citizens and families led this effort to combat the serious problem of age and family discrimination in Seattle's very tight rental market.

Coalition efforts to change the city's land use policies for single family neighborhoods—69 percent of the city's land area—have been less successful. The Coalition was asking that the city allow "in-law" apartments in single-family homes (which could be a particular benefit for the elderly), and increased density on vacant lots for new, low income subsidized units. These proposals were made to increase the supply of affordable housing in all areas of the city and to help mitigate displacement pressures in already overcrowded areas zoned for multi-family use where new luxury development threatens the supply of affordable housing. Resistance on the part of homeowners to these proposals illustrates the potential problems associated with changing zoning or other local regulations to permit the expansion of the number of low to moderate income units. Neighborhoods slated to receive such units too frequently resist the change.

The Coalition now is actively engaged in a city-wide effort to ban the demolition of structurally sound housing, unless that housing is replaced by units of comparable cost and quality. Demolitions have become a serious displacement problem in Seattle as development pressures have increased in recent years. Rents also have been increasing on an average of 20-30 percent per year since 1977, and the Coalition is working on a growing campaign to place a rent control initiative on the ballot in 1980.

The Seattle Displacement Coalition believes that, ultimately, the solution to Seattle's housing crisis will depend on involving in the political process those people directly affected by the shortage. Only with this involvement does the Coalition expect to free the technical, economic, and political resources necessary to solve the problem. Consequently, it uses all effective means at its disposal to involve a broad range of citizens and grassroots organizations in its efforts. These include mass actions, conventional lobbying, demonstrations, research, housing conventions, press conferences, ad hoc committees with city officials, mass mailings, phone networks, and regular Coalition meetings.

Contact: David Bloom; Seattle Displacement Coalition; c/o Fremont Public Association; 619 North 35th Street; Seattle, Washington 98103.

Strategy: Organize a city-wide coalition to advocate tenants' rights and preserve affordable rental housing; provide technical assistance to tenants' groups and individual counseling.

Example: City-Wide Housing Coalition; Washington, D.C.

Market: See above, p. 15

Structure: Membership organization with a community policy board which governs the organization between meetings. Among the membership are many tenant associations and block clubs. The coordinating committee of officers selects and oversees office staff.

Organization: The City-Wide Housing Coalition, which was founded in 1974 by two neighborhood groups, concentrates its coalition-building efforts on block clubs, tenant unions, and civic groups representing homeowners. Its main objective is to promote a "stop people removal" campaign in the Washington housing market where displacement is common and where 75 percent of the households are composed of tenants.

To date the Coalition has supported rent control, the anti-speculation tax, and a moratorium on condominium conversion. It also has instituted a "tenant hotline" to inform D.C. residents of their legal rights. The Coalition has publicized this information resource service through public service announcements on television and radio and notices in newspapers.

The Coalition also offers tenant information handouts that include lists of groups and associations offering *pro bono* legal assistance, a one-page summary of the rent control bill, and a sheet on requirements of the D.C. housing code and on what constitutes a housing code violation. City-Wide has run training workshops for organizers of tenant groups and offers short, easy-to-read handouts on how to start and run a tenant organization. It also publishes a general newsletter and maintains a phone tree of key Washington contacts.

Contact: Jimmy Garrett; City-Wide Housing Coalition; 1346 Connecticut Avenue, N.W.; Washington, D.C. 20036

Strategy: Attract support of neighborhood institutions; obtain local commitment for more equitable distribution of public funds; publicize the issue.

Example: Communities Organized for Public Service (COPS); San Antonio, Texas.

Market: San Antonio is experiencing an annual increase in population of about 1.67 percent, and housing demand has been growing. Most of the increased population is accommodated in newly constructed housing; rehabilitation activity, however, is occurring in the city's designated historic preservation areas, as well as in other scattered areas. The overall vacancy rate in San Antonio is slightly less than five percent. To date, there has been no survey or study of displacement. There is an adequate supply of moderately priced housing available, but the market for lower income and rental units reportedly is tighter. Demand for low income rental units in San Antonio is high, in part because of the growing in-migration of undocumented Mexican workers.

Structure: COPS is a coalition of organizations. Members pay annual dues ranging from $50 to $2,000, depending on the size and budget of the groups. These dues provide the coalition with its annual $100,000 operating budget. The membership, mostly drawn from the Mexican-American Catholic parishes on the south and west sides of San Antonio, also includes some PTAs, block clubs, and church groups from other parts of the city.

Run by an eleven-member committee elected each year from the 35 participating church parishes, COPS' funding is received primarily from private charitable sources, most notably the Catholic Church, but also from other area churches.

Organization: COPS was first organized to counteract what community leaders regarded as spiraling disinvestment displacement in the Mexican-American section of San Antonio. Community leaders built the coalition around such issues as street repair, neighborhood clean up, skyrocketing utility costs, and poor street drainage. This last issue was especially important to area residents because every large rainstorm resulted in flooding, causing evacuation of some area residents, and damage that accelerated abandonment and displacement.

By August 1974, COPS had organized several parishes around the street drainage issue. A few days before they were to have a meeting with city officials a rainstorm forced some residents out of their homes. This flooding so galvanized community support that large numbers of area residents attended the meeting. COPS eventually convinced local authorities to issue a $41-million local bond for neighborhood improvement.

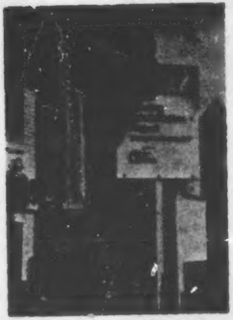
After this resounding success, the first annual COPS convention attracted 2000 delegates representing 19 "local COPS" or parish organizations. There, the coalition unveiled a $100-million plan to revitalize COPS neighborhoods.

COPS trains its own community organizers and relies exclusively on neighborhood money and institutions to acquire influence over local decision-making. The coalition has called attention to city funding patterns. For example, COPS criticized the city for undertaking capital improvements on the North side of town to the exclusion of the South and West sides. As a result of this kind of advocacy, COPS successfully obtained new schools, sidewalks, parks, and street surfaces for its neighborhoods and redirected the use of Community Development Block Grant funds from large economic development schemes in other less-needy parts of the city to COPS neighborhoods. By 1978, these neighborhoods were receiving over sixty percent of the city's block grant funds. The coalition has converted its community support into majority representation on the city council and thus has gained substantial political power.

COPS has plans to inaugurate a revolving loan fund to help promote housing rehabilitation by existing residents. Because of the coalition's success in attracting investment to the South and West sides of San Antonio, it may have to turn its attentions to protecting the interests of low and moderate income people in sections which continue to attract reinvestment. If so, the city-wide strategies which served so well to reduce disinvestment displacement may work to help existing residents preserve their housing opportunities.

Contact: Carmen Badillo; Communities Organized for Public Service; 122 East Durango; San Antonio, Texas

3. NEIGHBORHOOD ADVOCACY— LOCAL GOVERNMENT POLICY AND PROGRAMS



City-wide coalitions of neighborhood groups have been increasingly successful at impressing upon local government the necessity of treating neighborhood problems on a neighborhood-by-neighborhood basis. Also, they have realized the importance of working to provide local government with an arsenal of laws and programs which can be combined to protect housing opportunities for low income people. They offer advice based on practical experience with the problems they seek to solve and, from that experience, they can advocate innovative solutions.

There are two fundamental approaches to reducing reinvestment displacement. The first provides *subsidies* for low income people in reinvestment areas to protect their interest in their neighborhoods and homes. Subsidies can be in the form of direct payments by local governments to owners or renters or in the form of tax relief measures.

The second approach involves establishing regulations and *disincentives* directed at slowing escalating housing costs, evictions, and unscrupulous real estate practices associated with reinvestment displacement. It primarily relies upon local government use of its police and taxing powers to modify negative housing market trends. Studies have indicated that the very speed with which reinvestment occurs in a neighborhood has a lot to do with the amount of displacement that occurs. Anxious to hold the rate of rehabilitation in check and especially to limit the number of evictions (tenants suffer disproportionately when a neighborhood "heats up"), community groups have pressed for enactment of regulations and disincentive legislation. The examples cited on the following pages are largely the result of their efforts.

Legislation to discourage rapid inflation in housing costs is not a cure for the problem of displacement. It is merely a quick means of slowing displacement while more lasting solutions are sought. Your group should check the local laws already on the books, obtain copies of legislation cited below that is most readily applicable to your city's needs, and advocate the legal changes most promising for your community. The following are brief descriptions of legislative initiatives that have been tried or advocated in some cities.

Subsidy Measures

Circuit-breaker tax relief measures

Rapid reinvestment invariably forces property values, and often property taxes, to escalate considerably. Several states have passed enabling legislation under which local governments can reduce the impact of galloping taxes on lower income owner-occupants and, in some places, on lower income renters. Typically, the owner pays the full tax bill and the tenant, the full rent. Later, however, they receive a portion of their tax payment or rent back in the form of a check or a rebate on local income taxes. Generally, income limits for participation in these programs are quite low, but many people are unaware of their existence and, hence, fail to apply.

Tax exemptions and abatements

Most local governments grant real estate tax exemptions or abatements to nonprofit organizations which own low and moderate income housing. These groups must conform to sometimes rigorous accounting and reporting requirements, but the tax savings can be significant, especially if they are passed on to tenants in the form of lower rents.

Tax relief for repairs

In rehabilitating neighborhoods, low income homeowners may be under pressure to repair their homes in order to bring them into conformance with the housing code. But even if they can meet the cost of the repairs, they may be ill-equipped to meet the cost of the increased property assessment which may result from the improvements they have made. Tax relief, however, could be extended by local governments under authorizing legislation. Where these measures exist, the tax assessor's office may abstain from reassessing eligible improved properties for a period of years. Or, it may reassess the property but spread the total impact of the higher taxes over several years, requiring a modest increase in payments each year until the owner is remitting taxes at the full assessed value. Such arrangements have been worked out under several local Neighborhood Housing Services programs (e.g., Philadelphia, Wilmington).

One example of such a tax relief scheme exists in St. Louis. An improved house in a certain area is taxed at its pre-improvement value for 10 years and at one-half of its improved value for the next 15 years.

Tax relief for rehabilitation undertaken by low and moderate income homeowners in reinvestment areas would provide some insulation against catastrophic tax increases and act as an incentive to upgrade housing.

Reverse annuity mortgages

The reverse annuity mortgage provides elderly homeowners with funds to pay increased property taxes or maintenance and improvement costs. It is not a local government program, but it can be used in conjunction with circuit breaker and other tax relief measures. Under this plan, a homeowner borrows an amount of money from a bank, mortgaging his home to do so. The bank places a first lien on the property and the owner uses the money to cover taxes, repairs or maintenance, and monthly mortgage installments. If the owner dies or sells the property, the bank will recoup the outstanding loan principal and interest, and the owner or his heirs will receive the remainder of the proceeds from the sale.

The reverse annuity works very similarly to a second trust loan. It is feasible in neighborhoods where property values have grown significantly and the elderly owner's equity is high. If the monthly repayment installments are modest, the owner may have no difficulty in meeting expenses. However, it may be a risky arrangement unless the owner exercises real discipline and places the large share of his loan in an "emergency fund" in his bank, drawing interest and maintaining reserves for unforeseen circumstances such as the loss of a job or disability.

Assistance with repairs

As an alternative to tax subsidies, some cities offer to low income people direct subisidies or grants for home repair or rehabilitation. They may also offer technical assistance on home maintenance. One way of providing this kind of technical aid is through skills-sharing centers operated by community groups and funded by local government.

Local governments can provide direct support for repairs by using Community Development Block Grant funds to help elderly or other low income residents in reinvesting neighborhoods bring their houses up to code standards. The city of Oakland, California, hires neighborhood youth to do home repairs when the owner provides the materials, and it also provides technical assistance and advice on rehabilitation work to interested homeowners. Workers are paid under the federal CETA program.

The Neighborhood Housing Services program of the federal government is another source of home improvement funds and expertise (see Appendix).

Regulations and Disincentives

Rent Control

Rent control is a controversial legislative measure which, typically, regulates the amount of rent a landlord may charge tenants and may also set other terms and conditions for rent and eviction. It usually allows the landlord a set maximum rate of return on investment with an allowance for recovery of operating costs.

Landlords charge that such measures, by making it difficult for them to keep pace with spiraling operating costs and still make a profit, encourage poor maintenance and may ultimately result in withdrawal of the building from the rental market—either through abandonment or condominium conversion. However, for tenants who are threatened with displacement because they cannot afford to pay higher rents, rent control may help to prolong the supply of moderately priced housing and protect their stake in a particular rental unit.

In the District of Columbia, the rent control law, passed in 1973, allows an automatic pass-through for operating costs and provides landlords with a maximum eight percent rate of return on their investment. Landlords in more affluent neighborhoods of the city charge that rent control keeps rents artificially low in these desirable areas and thus subsidizes the affluent. Many claim also that rent control discourages private construction of new rental units. Nevertheless, most new and substantially rehabilitated rental projects are exempt from rent control in Washington.

New York City maintains a provision which guarantees that the former occupant of a newly renovated apartment can move back in. However, the landlord is free to charge a higher rent. If the new rents are within HUD's fair market guidelines, the tenant may be able to qualify for rental assistance under the federal Section 8 program (see Appendix).

Speculation taxes

Speculation taxes are capital gains taxes designed to reduce profits on a real estate transactions so that quick turnover and excessive gains are discouraged. The state of Vermont has an anti-speculation law, designed to protect farmland from conversion to recreation industry uses.

For cities experiencing reinvestment displacement, the objective of such a tax is to discourage rapid price increases on older, unrenovated housing. The bill for this profit-taking is paid by the ultimate purchaser—the housing consumer—and by the neighbors whose property taxes may be artifically inflated. Speculation, by speeding the pace of property value gains, has been charged by neighborhood groups with increasing displacement.

The only such tax in this country is in the District of Columbia. The tax is applied to the profit realized on a residential real estate transaction. Unrehabilitated properties are subject to the tax. The shorter the owner's holding period and the higher his/her gain, the higher the tax he or she must pay.

Condominium conversion restraints

In some cities, apartment buildings are being removed from the rental market and converted into condominiums. Large numbers of tenants are evicted, and the supply of low and moderate income rental units is correspondingly diminished. Seattle, San Francisco, the District of Columbia, and other municipalities have laws to slow condominium conversion. In some cities, conversion may take place only if the city-wide vacancy rate is above a specified level and if apartments in the building to be converted rent for more than a specified amount. These laws thus protect the supply of low and moderate income rental housing, and they trigger a moratorium on conversions when apartments are in short supply.

Condominium conversion laws usually permit tenants the "right of first refusal" on the purchase of their own units and require several months notice prior to eviction. The District of Columbia law encourages tenant purchase of threatened buildings through co-operative arrangements.

Zoning restraints

Reinvestment often stimulates the enactment of stricter zoning policies or a historic district ordinance to protect the neighborhood from certain kinds of land use. Generally, these laws restrict or preclude higher density buildings, such as apartments, from being constructed. If a neighborhood group is trying to encourage a mix of housing types to accommodate less affluent as well as affluent households, these laws can be very restrictive. Negotiation with the groups favoring low density can result in compromises which permit carefully sited and planned multifamily buildings, however.

Citizen groups in a number of reinvesting neighborhoods have taken an active interest in the Zoning Board and Board of Adjustment and have even formed community advisory boards to advise the city on zoning decisions affecting their neighborhoods. Some Philadelphia neighborhoods have successfully set up such panels.

A number of community groups in San Franciso—including neighborhood organizations, planners, and historic preservation groups—joined together to push for reducing zoned densities in the whole city, to keep developers from tearing down existing buildings. This kind of zoning is so restrictive, however, that it could make provision of additional low and moderate income units difficult.

Some local governments—for example, Montgomery County, Maryland—are offering higher

density bonuses to developers who set aside a certain percentage of their units for low and moderate income residents. Carried one step further, neighborhoods might offer developers support for a zoning change to permit increased density in exchange for an agreement that any development would include units for low income people.

Anti-solicitation ordinances

Homeowners in reinvesting neighborhoods may be subject to solicitation by real estate dealers offering to buy their homes. The speculators are able to look up the name of the current owner and the price he or she originally paid for the house in a local real estate directory. Then they give the owner an offer which, while it may be well above the original purchase price, is usually well below the current market price. Some real estate agents inform owners that their property taxes will climb rapidly or that their home is in violation of the local housing code. Fearful owners may sell their homes at lower-than-market prices, bullied by the dealer's pitch.

Neighborhood groups may want to work with their local government to design anti-solicitation ordinances that would make it illegal for real estate dealers to solicit business from homeowners in reinvesting neighborhoods under certain circumstances.

Without such ordinances, neighborhood groups may be able to go directly to local real estate firms and ask them to agree not to solicit in their neighborhoods. One group in Cleveland, supported by the state real estate commission, was successful in obtaining an agreement from 42 local real estate firms to halt all forms of solicitation for a year.

Marketing neighborhoods

One way of slowing down the pace of reinvestment does not involve local legislation at all. By marketing neighborhoods which are not yet experiencing reinvestment, a city can divert some of the intense demand for housing which so inflates housing prices in reinvesting neighborhoods. In effect, demand is spread over a larger housing supply, thus reducing price inflation in individual areas and slowing down displacement.

Some neighborhood groups are apprehensive that by encouraging more widespread reinvestment, cities will aggravate the local displacement problem. But where local governments are tailoring their marketing strategies to neighborhood organizations so that groups in disinvested areas assist in the preparation of color posters, flyers, tours, and other material to promote reinvestment, the active neighborhood role in the formulation of local policy may help to make this strategy more acceptable.

4. CONCLUSION

This handbook has attempted to review some of the strategies neighborhood groups around the country are using to prevent or minimize displacement, and some of the federal and local programs and laws which are supportive of the effort. It is by no means an inclusive account, however. There are neighborhood groups in every city, working quietly and effectively to broaden housing opportunities for low and moderate income people.

The National Urban Coalition and its affiliate network continue to do program and advocacy work on displacement and to gather and disseminate information on what other neighborhood groups are doing as well. The Coalition encourages your group to call or write with information on the nature of the displacement problem in its area and on the strategies it is pursuing to alleviate it.

HUD's Office of Neighborhood Development has initiated a program which pairs neighborhood groups in different cities so that one group with greater experience advises another on how to serve more effectively the interests of its community. For further information on the office, see following page.

The effort to gather and disseminate what neighborhood groups have been learning about reinvestment and displacement in their cities has just begun, but as the cities continue to attract new middle class residents and the reinvestment they bring, sound information will be increasingly important for low and moderate income people. This handbook is designed to help neighborhood groups forge new alliances with local public, private, and nonprofit interests and build stable, economically, and racially diverse neighborhoods—revitalization which improves the quality of urban life for all residents.

5. APPENDIX

Federal Resources

The following is a selected list of programs, most of which are federal, that may be used to improve housing opportunities for existing residents of reinvesting neighborhoods. There are, of course, other federal programs that may be used to supplement funds from these or from private sources; for example, certain Department of Labor programs may be used in conjunction with housing programs to provide necessary labor for rehabilitation or construction.

Not all the programs mentioned below have strong records of effectively minimizing displacement. In fact, because many of these programs promote reinvestment, some may have actually contributed to displacement in the past. Sensitivity to the issue has been increasing, however, and certain programs have great promise for being widely effective in expanding housing opportunities for low and moderate income people in reinvesting areas. Among the most promising are: the flexible Community Development Block Grant, the Section 8 and Special Neighborhood Strategy Area, the Innovative Projects Grant, and the Section 312 programs. Neighborhood groups should work with their local governments to encourage more innovative approaches to application for this federal assistance.

Department of Housing and Urban Development

OFFICE OF NEIGHBORHOOD DEVELOPMENT

Description: The Office of Neighborhood Development, under HUD's Assistant Secretary for Neighborhoods, Voluntary Associations and Consumer Protection, has been given the lead role by HUD in establishing a national network of neighborhood self-help development organizations and organizing and providing support in areas of policy, funding, access to resources, and skills development. The Office has undertaken programs to increase the number of neighborhood organizations and to build their capacity to work as equal partners with local government and the private sector in promoting the revitalization of their communities.

Application: Planning grants, training sessions aimed at increasing management and programming capacity and other technical assistance—workshops and publications—are available to neighborhood groups through the office of Neighborhood Development. The major resource, however, is the Neighborhood Self-Help Development Program. Voluntary, nonprofit organizations may receive grants and other assistance for housing rehabilitation, adaptive re-use of existing buildings, neighborhood commercial revitalization, and economic development, energy conservation, and weatherization projects. The program is designed to stimulate groups receiving assistance to secure other resources and thus supplement the money they receive. No grant may underwrite the full cost of a project.

Contact: Director, Neighborhood Information Division; HUD-Room 3172; Washington, D.C. 20410; (202) 755-9236

INNOVATIVE PROJECTS GRANTS

Description: Grants are awarded (under the Community Development Block Grant discretionary fund) to local governments to support "unique, innovative and replicable" projects which stimulate reinvestment without displacement. While neighborhood groups are not eligible recipients for these grants, they can work with local officials to prepare proposals and help operate funded projects.

Application: Innovative grants are designed "(1) to assist lower income residents of revitalizing neighborhoods to remain in those neighborhoods by expanding the housing resources available to them; or (2) to provide housing opportunities outside cities for residents of revitalizing neighborhoods who desire to move." Cities have used these grants to fund such projects as:

- counseling programs for homeowners in revitalizing neighborhoods,
- public/private lending programs in which tenants finance, purchase, and rehabilitate homes in revitalizing neighborhoods, and
- public/private nonprofit corporation sponsorship of multifamily housing rehabilitation projects.

The grants have also been used to provide rent subsidies to tenants in rehabilitated housing who would otherwise be unable to afford the higher costs. Unfortunately, there is only limited funding available for the program.

Contact: Secretary's HUD Fund Division; Office of Policy Planning; HUD, Room 7138; Washington, D.C. 20410; (202) 755-6092

COMMUNITY DEVELOPMENT BLOCK GRANTS

Description: The Community Development Block Grant program has as its main objective improving the living conditions, expanding the economic opportunities, and meeting the other pressing community development needs of low and moderate income people. This multipurpose program is designed to give cities, counties, and states federal funds which they can use, without project-by-project approval, according to locally determined needs. Most cities with populations over 50,000 receive a set amount of funds every year. With its CDBG application, the jurisdiction must submit a Housing Assistance Plan which includes a projection of local housing needs for the next three years and describes the projects to be undertaken to meet these needs. The jurisdiction must also have a citizen participation plan, and it must hold public hearings both in the formation of its housing plans and in project review.

Application: Cities may provide CDBG funds to support neighborhood groups to carry out (1) any activity for which the city would be eligible and (2) activities not otherwise eligible, that are part of a community economic development or neighborhood revitalization program. CDBG funds may be used for a wide variety of purposes including property acquisition, rehabilitation, and relocation expenses. It is important to influence the Housing Assistance Plans in order to lay the groundwork for application of CDBG funds to reinvestment-displacement problems in your neighborhood. The HAP determines how the city will use its other housing funds such as public housing, Section 8, Section 312, Section 202, and Homesteading funds.

CDBG funds may be used to expand low and moderate income housing opportunities in reinvesting neighborhoods. Groups should make sure that funds allocated to their neighborhood are being directed toward meeting the needs of existing residents. While not all local governments have records of subcontracting their CDBG projects to neighborhood groups, the law permits them to do so.

Contact: Community Development; Director in the HUD area office; or the Office of Block Grant Assistance; HUD, Room 7182; Washington, D.C. 20410 (202) 755-6284

URBAN DEVELOPMENT ACTION GRANTS

Description: Cities apply for Urban Development Action Grants on a project-by-project basis. Most activities eligible under CDBG are also permitted under UDAG, but this targeted program stresses the leveraging of private sector investment in the projects it funds. UDAG can be used for rehabilitation of residential areas or for nonresidential development projects in distressed areas.

Application: HUD is interested in receiving applications oriented toward neighborhood improvement, and it is providing technical assistance so that cities and community-based groups can package neighborhood UDAG projects. UDAG funds can be used to attract private investment in urban neighborhoods and to support homeownership assistance for low income area residents. As with CDBG, it is important for neighborhood groups to participate in the early planning stages of UDAG programs that will be affecting their community.

A major aim of UDAG has been to attract several dollars of private investment for every dollar of public investment. Because these ratios tend to be highest in commercial and office projects, HUD has favored downtown proposals.

Neighborhood groups have criticized UDAG for being oriented toward downtown development where its business revitalization projects sometimes seem to provide facilities and/or services with little immediate benefit to low and moderate income residents. They also have criticized the tendency to define any project not located in the central business district as a "neighborhood project." HUD is sensitive to these criticisms and, in response, has been making changes in its administration of the program.

Contact: Community Development Director in the HUD area office; or the Office of Urban Development Action Grants; HUD, Room 7238; Washington, D.C. 20410; (202) 755-6284

SECTION 312 LOANS.

Description: The Section 312 program provides rehabilitation loans at three percent interest with repayment terms of up to 20 years to improve single family homes, multifamily buildings or non-residential/commercial property. Owners receive these loans through a local public agency under contract with HUD. The property to be rehabilitated must be located in a CDBG target area, Urban Homesteading, Urban Renewal, or Code Enforcement Area.

Application: Standards for financing under the Section 312 program are more flexible than those used by conventional lenders, so that low income people can more readily qualify. These loans may be a great help to the low income homeowner in a revitalized neighborhood who cannot otherwise afford to bring his or her home up to code standards. The program has recently been expanded to place more emphasis on multifamily rehabilitation.

Although the law stresses that priority must be given to low and moderate income groups, there are no applicant income limitations for this program. One difficulty for people with pressing need of rehabilitation loans is that the application process may be lengthy.

Contact: Community Development Director of the HUD Area Office; or Director, Office of Urban Rehabilitation and Community Reinvestment; HUD, Room 7168; Washington, D.C. 20410

SECTION 8 SUBSIDIES.

Description: This program provides rent subsidies for low and moderate income tenants. Sub-

sidies usually amount to the difference between one-quarter of the tenant's adjusted income and the rent charged. To qualify for this program, an applicant's income must be 80 percent or less of the area's median income. In the Section 8 *existing housing program*, HUD provides a subsidy, usually through the local public housing agency, directly to the eligible applicant's landlord. In the Section 8 *new construction and substantial rehabilitation housing program*, HUD enters into a contract with a private housing developer who is planning new construction or rehabilitation, to subsidize the rental payments for eligible tenants in the building. The Section 8 *moderate rehabilitation program* requires higher rents so that landlords can do a moderate amount of rehabilitation on the rental units.

Application: Neighborhood groups in revitalizing areas can help make tenants who are threatened with displacement aware that they may be eligible for a Section 8 subsidy. Under the Section 8 existing program, however, HUD will only subsidize rents which fall within the fair-market levels it sets, and the rent levels in the rehabilitated neighborhood may be considerably higher. Your group may want to advocate that the fair-market rent be raised in your area so that your neighborhood will become eligible for the Section 8 program.

Under the Section 8 new construction and substantial rehabilitation program, nonprofit neighborhood groups engaged in development of a multifamily building are eligible to apply for Section 8 units.

Under the Section 8 moderate rehabilitation program, the landlord applies to the public housing agency with a proposal to rehabilitate units for lower income families. Community groups and tenants should make landlords aware of the assistance available under the program. In addition, the public housing agency can choose to target its moderate rehabilitation units in an area undergoing reinvestment in order to prevent displacement. Neighborhood groups may wish to urge the public housing agency to use the moderate rehabilitation program this way in their city.

Contact: HUD Area Office; or Director, Section 8 Exsisting Housing and Moderate Rehabilitation Office; HUD, Room 6232; Washington, DC 20410

SECTION 8—NEIGHBORHOOD STRATEGY AREA (NSA) PROGRAM

Description: Extra Section 8 substantial rehabilitation funds were made available to local governments for use in designated neighborhood strategy areas under a three- to five-year comprehensive housing and community development plan. The city was required to target some of its CDBG funds to the area. Under the program, Section 8 funds were provided for the specific neighborhood designated by the local government.

Application: In citizen participation hearings, neighborrhood groups could stress the need to use NSA funds to minimize displacement. The program requires that local plans address this question. Unfortunately, this program was of limited size and duration; it had only one application round.

Contact: Director, Rehabilitation Division; HUD, Room 6260; Washington, D.C. 20410; (202) 755-5837

URBAN HOMESTEADING PROGRAM

Description: The Section 810 program transfers HUD-owned, vacant houses to local governments for sale to the public at nominal prices, sometimes as low as one dollar. The buyer agrees to make repairs necessary to bring the house up to code standards within 18 months and to live in the home for at least three years. Full title to the house is conveyed only after these conditions are met. Cities participating in the program must demonstrate that financial and technical assistance and essential city services will be available to the homesteading neighborhood. Section 312 rehabilitation loans may also be provided to help homesteaders make required repairs.

Application: With subsidies for rehabilitation sufficient to bring costs within the reach of low income residents, the homesteading program may help to maintain a mixed-income population in a neighborhood. There are vacant HUD-owned houses in some of the neighborhoods now experiencing reinvestment. Neighborhood groups may request a list of such houses from the regional HUD office. Moreover, on a limited basis, technical assistance is being offered to cities interested in undertaking multifamily homesteading on multifamily buildings. Neighborhood groups may advocate that the homesteading plans submitted by their local government to HUD include provisions for outreach and support to lower income groups.

Contact: Community Development Director of the HUD Area Office; or Urban Homesteading Division; HUD, Room 7174; Washington, D.C. 20410; (202) 755-6935

SECTION 202 DIRECT LOANS

Description: This program provides low interest loans for new construction of housing for the elderly and the handicapped. Section 8 funds may be coupled with this program to subsidize rents.

Application: Studies show that elderly tenants are most often displaced in areas undergoing rehabilitation. Because nonprofit groups are eligible to build Section 202 housing, neighborhood groups may want to undertake such a project in order to provide replacement housing in the neighborhood for elderly residents who otherwise would be forced to move. The groups may apply directly to HUD for funding. There is often a considerable delay between application and actual construction, however.

Contact: Housing Division Director of the HUD Area Office; or Direct Loan Branch, Assistant Secretary for Housing; HUD, Room 6136; Washington, D.C. 20410; (202) 755-6528

FHA MORTGAGE INSURANCE PROGRAMS

Description: HUD's FHA programs guarantee mortgages made by private lenders for the purchase or repair of multifamily or single-family properties. Some FHA programs include a subsidy to reduce the cost of borrowing for eligible borrowers.

Application: Neighborhood groups in reinvesting areas can help make existing residents aware of the program and put them in touch with local lenders. Because of the paperwork involved, however, some financial institutions may have been reluctant to offer these loans.

Contact: Federal Housing Administration; 451 - 7th Street, S.W.; Washington, D.C. 20410

National Consumer Cooperative Bank (NCCB)

Description: Cooperative purchase and rehabilitation of apartment buildings by the former tenants has proved to be a promising means of fighting displacement and providing dwellings for smaller households (See page 14 on Jubilee Housing, for example). In such arrangements, the tenants form a nonprofit corporation, obtain a mortgage, and purchase their building from the landlord. Each tenant purchases a share in the corporation and makes monthly payments to it. In exchange, they each occupy a unit, and they have a vote on all matters in the corporation. The payments they make cover their share of the building's mortgage and taxes, as well as maintenance and repair costs. Co-op owners receive federal income tax deductions for mortgage interest and real estate taxes they pay. When an owner decides to move, his/her interest can be sold to any other buyer, as long as the newcomer is approved by the cooperative's governing board.

The NCCB was established by Congress in 1978 for the purpose of providing financial and technical assistance to nonprofit cooperatives. The Bank is to make loans at market interest rates to cooperatives. In addition, an Office of Self-Help and Technical Assistance has been set up to give financial and/or technical assistance to low income cooperatives. Congress authorized $75 million to the office for three years. The program is designed to aid consumer co-ops as well as housing co-ops. By October 1983, up to 30 percent of the Bank's gross assets may be used for loans to housing co-ops.

Application: The Self-Help office will make capital investment loans to eligible cooperatives provided that their membership is substantially composed of low income persons, that the project will serve low income people, or that the co-op needs more capital than it can get from a bank or other sources. It must show that it can repay the loan within 30 years. Co-ops which cannot pay market interest rates because they serve low income persons may apply for "interest supplement payments" from the Self-Help office. Successful applicants will pay interest on both their capital investment loan and the interest supplement payment.

(For more on housing cooperatives, see page 50).

Contact: Office of Self-Help and Technical Assistance; National Consumer Co-op Bank; Washington Building; Suite 1046; Washington, D.C. 20220; (202) 376-0731

Neighborhood Housing Services (NHS)

Description: NHS, formed in 1974, is currently administered by the federal Neighborhood Reinvestment Corporation. The program was based on a successful local housing improvement effort in Pittsburgh in the late 1960s. With federal and private support it has spread to 82 neighborhoods in 70 cities. One purpose of the program is to bring owner-occupied homes showing the first signs of disrepair into compliance with local housing codes.

An NHS board composed of neighborhood residents, representatives of local financial institutions, and other interested community leaders must be established before the corporation will designate a new NHS area. Once the community is targeted for assistance a small neighborhood-based office provides information to people interested in repairing their homes. The office may also help eligible neighborhood residents obtain funds from NHS's High Risk Revolving Loan Fund; repayment terms are

gauged to the recipient's ability to pay with a lien on the property as a guarantee on the loan. While the Neighborhood Reinvestment Corporation does provide seed money for new NHS's, it encourages local groups to seek foundation, church, and local government funds as well.

Application: NHS may be used in some places to help elderly or low and moderate income homeowners avoid displacement as the result of strict code enforcement. Through the technical and financial assistance it provides, homeowners may be better able to comply with municipal code requirements and undertake improvements they would otherwise not have considered possible. And through its mediation with local housing departments, NHS may encourage an application of the housing code which concentrates on health and safety rather than on appearance. NHS's aims and accomplishments vary from city to city and its effectiveness at minimizing displacement has varied as well. Neighborhood organizations should examine the program carefully to determine if it would be helpful in their community.

Contact: Neighborhood Reinvestment Corporation; 1700 G Street, N.W.; Washington, D.C. 20552; (202) 377-6360

Programs in Historic Preservation

Neighborhood groups may overlook assistance from historic preservation programs because they assume that such programs contribute to displacement. In fact, because of the controversy over this question, some historic preservation programs now have anti-displacement applications. Among the strategies preservationists have pursued to maintain less affluent households in revitalizing communities are easement acquisition and adaptive reuse of older buildings. Both rely on funds obtained from the programs discussed in this section, supplemented by other government and private support.

Easement acquisition: Low and moderate income homeowners in historic areas may be able to sell legal title to the exterior (usually just the facade) of their homes if the building is deemed of historic or architectural merit. In return for an agreed upon amount from the purchaser—the government or a private preservation group—the homeowner agrees not to deface or substantially alter the house's exterior and agrees as well to use part of the proceeds to restore it according to specifications set by the purchaser. The homeowner may be able to use some of the proceeds to bring the house up to code standards or to pay property taxes. Usually an easement conveyance reduces the assessed value of the property and may therefore slightly lower the owner's tax bill.

Adaptive reuse: Because new construction is so expensive neighborhood groups and government agencies are turning to conversion of non-residential buildings—for example, schools, warehouses, or office buildings—to create housing for the elderly and for low and moderate income families. Not only can sound, older buildings be turned into comfortable multifamily housing, but lower renovation and land acquisition costs result in savings that can be passed on to the residents in the form of lower rents. When buildings of historic or architectural merit are involved, historic preservation groups can be expected to lend their support.

The District of Columbia government is planning to convert a vacant high school to 145 subsidized apartments for the elderly and handicapped. Old mill buildings in Lowell and Peabody, Massachusetts, have been converted to attractive, safe and affordable housing for elderly and low income families. Neighborhood groups should consider this strategy as a means of providing replacement housing for those threatened by displacement.

DEPARTMENT OF THE INTERIOR

Description: The Department administers the Historic Preservation Grants-in-Aid program under the Heritage Conservation and Recreation Service. It provides matching grants of up to 50 percent to states that prepare statewide surveys and plans for purchase and development of properties listed on the National Register.

Application: The states, which may transfer these funds to local governments, private organizations, or individuals, have been spending an increasingly large proportion of these funds on neighborhood conservation. Were a neighborhood organization able to center its rehabilitation effort on property listed on the National Register of Historic Places, these funds could contribute to housing and anti-displacement resources.

This program has been developed specifically for preserving historic places. Not only are many neighborhoods without property listed on the National Register, and therefore ineligible for this program, but priority concerns of neighborhood groups fighting displacement might not be in complete harmony with the structure and goals of this program. Nonetheless, it might be useful under some circumstances.

Contact: Technical Preservation Services Division; Heritage Conservation and Recreation Service; 440 G Street, N.W.; Washington, D.C. 20243; (202) 343-7217

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Description: The Historic Preservation Loan Program is an expansion of the HUD Title I program. It provides FHA insurance for loan financing, preservation, restoration, or rehabilitation of properties in districts listed on the National Register. These loans may be used in coordination with other HUD funds (for example, Community Development Block Grants may be used to subsidize the interest on rehabilitation loans made by private lending institutions).

Application: As with Historic Preservation Grants-in-Aid, neighborhood groups could find this program very useful in their rehabilitation work *if* the property in question is on the National Register.

Contact: John Brady; Director of Title I Insured and 312 Loan Servicing Division; Room 1172; Department of Housing and Urban Development; Washington, D.C. 20410; (202) 756-6880

NATIONAL TRUST FOR HISTORIC PRESERVATION

Description: The Trust, a private, non-governmental organization, maintains several field offices including ones in San Francisco, Boston, Chicago, and Oklahoma City. In addition to providing technical assistance to neighborhood groups, the Trust administers the National Historic Preservation Fund. This revolving loan fund provides low-interest loans to non-profit organizations to improve properties on the National Register. Loans, ranging from $25,000 to $50,000, are used to acquire property in conformance with preservation guidelines and standards. As each loan is repaid, the money can then be used to make other loans.

Application: Through this revolving loan fund, the Trust has supplied money to purchase older buildings. Generally, these buildings can be used for any compatible purpose (including housing for elderly and low or moderate income people) as long as the building's exterior does not violate preservation standards. Neighborhood groups might explore the Fund as a source of acquisition money to increase the neighborhood supply of moderately priced housing.

Contact: National Trust for Historic Preservation; 1785 Massachusetts Ave., N.W., Washington, D.C. 20036; (202) 673-4000

INTERNAL REVENUE SERVICE

Description: The Tax Reform Act of 1976 was passed by Congress to remedy provisions of the Internal Revenue Service (IRS) code which discriminated against the preservation of some older buildings. In effect, the old law encouraged owners to tear down older commercial structures after they had realized the major financial advantages of "accelerated depreciation." Under the Tax Reform Act owners of certified historic structures can deduct over a five-year tax period the cost of rehabilitating these buildings. Furthermore, the Act no longer permits developers to deduct from their income tax liability the costs of demolishing a certified historic structure.

Application: Neighborhood groups can use the new provisions to encourage the preservation of buildings for low and moderate income housing. Local organizations should be sure that any buildings in their area that are part of the National Register or a state- or locally-designated historic district are considered for use or adaptive re-use as housing.

A recent survey by the U.S. Department of the Interior's Heritage Conservation and Recreation Service (HCRS) found that projects which had taken advantage of the Tax Reform Act's provisions contributed a net increase of 3,300 units of housing to the nation. About one-third of these were designated as low or moderate income units.

Neighborhood organizations may want to approach owners of certified historic structures about the tax advantages of rehabilitation and the opportunity to use the Section 8 rental subsidy program to offer the rehabilitated units to eligible low and moderate income tenants.

Though the Act is administered by the IRS, information on its uses and applications to neighborhood groups can be obtained from HCRS.

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HOME MORTGAGE DISCLOSURE ACT (HMDA)

Description; HMDA requires despoitory institutions to show where they make loans, what types of loans they offer and what loans they purchase. Congress intended this legislation to enable citizens to find out about the practices of their local lenders. Section 320(b) of the act states:

> The purpose of this title is to provide the citizens and public officials of the United States with sufficient information to enable them to determine whether depository institutions are filling their obligations to serve the housing needs of the communities and neighborhoods in which they are located and to assist public officials in their determination of the distribution of public sector investments in a manner designed to improve the private investment environment.

Application: This law, along with the Community Reinvestment Act, is a valuable tool for neighborhood groups working to revitalize and stabilize their areas. Information elicited under this law can be used to help determine the lending patterns of specific institutions in relation to the housing needs of particular neighborhoods and in relation to patterns of public revitalization assistance. With this information, neighborhood groups and interested citizens can encourage lending institutions to provide financial assistance where they have previously denied it and can encourage responsible lending practices in revitalizing neighborhoods.

HMDA requires, among other things, that each lender affected by the law disclose the number and dollar amount of loans it makes, and indicate by census tract maps where these loans are being extended. These reports must be issued annually on a standard form and be available at each institution's main office and at one branch office in each metropolitan area. They must be available no later than 90 days after the end of the lender's fiscal year. Each report must be available for five years. Both mortgage purchase loans and home improvement loans must be reported.

HMDA covers banks insured by the Federal Deposit Insurance Corporation or the Federal Savings & Loan Insurance Corporation and federal credit unions, excluding those with less than $10 million in assets and those with no offices in the Census Bureau's Standard Metropolitan Statistical Areas.

Using a neighborhood profile of existing housing conditions, additional housing needs, credit availability, and unmet credit and loan demands, neighborhood groups can analyze the lending information they obtain and hold financial institutions accountable for their practices.

COMMUNITY REINVESTMENT ACT OF 1977 (CRA)

Description: This act is based on the Congressional finding that federally regulated financial institutions have an obligation to help meet the credit needs of the communities in which they are chartered. The four federal agencies which regulate banking (the Federal Home Loan Bank Board, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Reserve Board) are directed by the law to use their authority to encourage institutions to help meet local community credit needs. These agencies must assess each institution's record in meeting the needs of its community and then must take this record into account before granting the institution charters for expansion, merger, establishment of a new branch, or relocation. The CRA regulations, which are basically the same for the four agencies, require that each institution publish a CRA Statement which includes a map delineating the local community, a list of specific types of credit the lender is prepared to extend to the community, and a CRA Notice (to be posted in the lobby at each institution office), which publicizes the availability of the entire CRA Statement. Each institution also must maintain a public file of all signed, written comments received by the institution and of the institution's response to those comments.

Application: Clearly this act greatly increases the opportunity for community groups to make their concerns about an institution's lending practices known and to seek improvement in those practices by communicating an institution's failure to meet community credit needs to the appropriate federal regulatory agency. Fair lending practices are vital for neighborhood rehabilitation activities, including those meant to prevent displacement. The first point that neighborhood groups must recognize, however, is that institutions do not solicit community interest in their lending patterns. Neighborhood groups must initiate the exchange, and CRA provides them with the leverage to do so.

One part of the CRA Statement which neighborhood groups should review is the institution's map of the community which it serves. Groups should make certain that low and moderate income areas are delineated on the institution's map. Any discrepancies between the map and the actual demography of the areas around a lending institution should be reported in the institution's CRA public file. Furthermore, community groups should review CRA statements (which must be open to the public) and comment on them. By comparing the statements of various lenders in their locality, neighborhood groups will be able to judge which lenders are most responsive and which most unresponsive to community needs.

Neighborhood groups may use the CRA as a legal basis for challenging applications by unresponsive lenders who wish to branch or merge. To do this, community groups charge the lender with failure to meet the CRA obligation to "help meet the credit needs of local communities," and ask that the federal regulatory agency involved deny a charter for expansion at least until the lender adopts an affirmative lending plan. The basic premises underlying most challenges are that: (1) there are sound credit needs in the community which are unmet; (2) the lender's record shows that it is failing to meet those needs; (3) the lender has the capability to meet those needs.

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Organizational Resources

The National Urban Coalition and its network of affiliates provide technical assistance on displacement. For information contact:

National Urban Coalition
1201 Connecticut Avenue, N.W.
Washington, D.C. 20036
Telephone: (202) 331-2400

HUD also lists the following organizations with capability in this field:

National Association of Neighborhoods
1612 20th Street, N.W.
Washington, D.C. 20002
Telephone: (202) 332-7766

National Training and Information Center
1123 W. Washington Blvd.
Chicago, Illinois 60607
Telephone: (312) 243-3035

Pratt Institute Center for Community and Environmental Development
275 Washington Avenue
Brooklyn, New York 11204
Telephone: (212) 622-5026

National Urban League
500 East 62nd Street
New York, New York 10021
Telephone: (212) 644-6500

Center for Community Change
1000 Wisconsin Avenue
Washington, D.C.
Telephone: (202) 338-6382

The following organizations have displacement-related legal information which may be useful to neighborhood groups:

National Committee Against Discrimination in Housing
1425 H Street
Washington, D.C.
Telephone: (202) 783-8150

Center for National Policy Review
Catholic University Law School
Washington, D.C. 20064
Telephone: (202) 832-8525

National Housing Law Project
2150 Shattuck Avenue, Suite 300
Berkeley, California 94704
Telephone: (415) 548-9400

Housing Cooperatives

Cooperatives are launched in a variety of ways. Community organizers working with neighborhood groups, churches, or universities may convert existing housing into cooperatives. Technical assistance organizations may help tenants buy existing housing for cooperative conversion by providing the technical information needed for the conversion. Cooperative organizations including more than one building may expand their membership to new multifamily dwellings and their residents. Or technical assistance organizations may supervise the formation of a cooperative, from finding an architect to financing construction. The costs of construction and of technical assistance become part of the cooperative's long term mortgage.

Initial Organization

A group interested in cooperative conversion, should assemble all potential members to identify their housing problems: the building's physical defects, the potential for being evicted or displaced, the amount of speculation in their area, and the problems with current management. If they decide to organize for cooperative conversion they will need to set up committees in legal education, financing, research, fundraising, and building/rehabilitation.

Researching Resources and Means of Financing Conversion

The group will need to gauge its available resources. It can do so in consultation with lawyers; engineers; contractors; local, state, and federal organizations; and the cooperative membership itself. It must gather data on the current condition of the housing stock, rehabilitation needs and priorities, the current income of the residents (and what they will be able to afford to contribute to the cooperative), and the requirements of lenders for the purchase of the property to be converted.

Financing alternatives must also be considered. Under Federal Housing Administration (FHA) Mortgage Insurance programs, many cooperatives have been able to finance acquisition and rehabilitation of their buildings. Section 213 mortgages are offered at "market" interest rates with terms of up to 40 years and downpayment requirements of two percent. Section 221(d)(3) offers a below-market interest rate of three percent and loans of up to 100 percent with a 40-year term. This program has been used successfully for cooperative financing, but it has an income limit for admission. Section 231 provides similar loans for housing to accommodate the elderly and the handicapped. Section 236 provides loans to cooperatives at market interest rates plus a mortgage insurance premium of one-half percent. Federal subsidy then reduces the interest cost to cooperative members by one percent. The drawback of this program is that residents living in Section 236 cooperatives must pay at least 25 percent of their income for housing expenses.

Direct loans also are available for cooperative conversion. Section 202 loans may be used to finance formation of cooperatives for the elderly and for the handicapped. The program offers three-percent loans with terms of up to 50 years. HUD-owned multifamily developments may be sold for cooperative use under Section 246. This program offers 100 percent financing at rates gauged so that current residents can afford the necessary costs of conversion. In addition, HUD may offer technical assistance during the conversion process.

Rehabilitation loans are available through Section 312. These loans are normally granted only for housing located in designated Community Development, Urban Renewal, Model City and Homesteading areas. But this requirement can be waived if a loan granted in areas other than these will aid in preventing displacement of low and moderate income people. These loans provide up to $100,000 at three percent interest for 20 years. The number of units in a building may not exceed 100 for Section 312 eligibility.

Funds available through Community Development Block Grants and the Section 8 subsidy program may be used for cooperative conversion. Other funding sources are the National Consumer Coop Bank (see page 44), State Housing Finance Agencies, and the sale of tax exempt bonds by local housing authorities for the purpose of forming cooperatives. Charitable organizations may also contribute to cooperative funds.

When considering conventional financing, cooperative organizations should realize that loans do not usually exceed 80 percent of purchase/rehabilitation price. Therefore, the cooperative must raise capital for the remaining 20 percent of costs. For this reason, conventional financing often has been too expensive for cooperative budgets. Savings and loan associations, however, are now permitted to lend up to 95 percent of costs to cooperative corporations. Some cooperatives also choose to keep the existing, conventionally financed loan on rental buildings which they are converting to cooperative ownership.

Cooperative Budget

After surveying financial resources, the cooperative organization can better estimate its ability to finance the cooperative, given the income levels of the members. It can then draw up budget accounting for acquisition, rehabilitation, and operating costs, and determine both the monthly charges to cooperative members and the initial cash needed for incorporation.

Negotiation with Lenders and Closing

The cooperative then is ready to submit preliminary applications to the lenders and mortgage insurer they have decided will best accommodate their needs. Following this preliminary application, the cooperative may have to meet additional requirements set by the lenders. If so, all residents should be involved in the negotiations. Once the terms of financing have been established with all participating lenders, the cooperative must prove that there is an adequate commitment to the corporation by documenting that 90 percent of the units have been sold to cooperative members and by placing the initial membership fees in escrow (a special type of reserve account). The initial closing may occur once the commitment to the cooperative has been demonstrated.

After the cooperative corporation has obtained a title, established an interim board of directors, and signed regulatory agreements, a construction loan is issued and rehabilitation begins. If occupancy of 95 to 97 percent of the units in the cooperative complex is sustained following completion of rehabilitation, the final closing on the cooperative conversion takes place, and the construction loan is replaced by a permanent loan.

Cooperative Management

Following conversion the cooperative will be managed by an elected Board of Directors and by committees in areas such as management, membership, orientation, property improvement, newsletter publication, cooperative activities, and community relations. The cooperative should keep formal records of all decisions and expenditures. It will need a manager who is responsible for bookkeeping, bank transactions, reporting to the Board, supervising building maintenance, and collecting funds from cooperative members. The cooperative may choose to hire a professionally qualified manager who has had previous experience in managing cooperatives.

Contact: National Association of Housing Cooperatives; 1828 L Street, N.W.; Washington, D.C. 20036; (202) 872-0550

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Superintendent of Documents
U.S. Government Printing Office
Washington, D.C. 20402

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Understanding Central City Hardship

RICHARD P. NATHAN
CHARLES ADAMS

There is a danger that the current, and justifiable, preoccupation with New York City finances by observers of the urban scene will cause them to overgeneralize. New York's fiscal ills have been chronicled in depth and classified in full. But New York's problems are not those of every city. For urban policy makers, the cardinal fact about United States cities is that they are different. The analysis in this article is part of an ongoing examination of the problems and conditions of local governments in the nation's largest metropolitan areas. We have focused here on central cities. Our primary interest is in two characteristics of these governments: (1) the seriousness of the social and economic problems which they face, and (2) the extent of what might be called their political isolation as indicated by the population size of central cities in relation to the population of the metropolitan area of which they are a part.

Such analysis is important as an indication of both the extent of, and need for, fiscal and political arrangements for burden spreading in metropolitan areas. If a particular central city is nearly as well or better off than its suburbs, techniques to spread burdens within that metropolitan area will be less essential than in cases where the central city faces significant economic and social hardship relative to its suburbs and where it accounts for a relatively small proportion of the total population of its metropolitan area. The latter cases are the ones we need to look at most closely in seeking relief measures for central cities.

RICHARD P. NATHAN is a senior fellow at the Brookings Institution and directs the Institution's revenue sharing studies. He is the author of *The Plot that Failed: Nixon and the Administrative Presidency* and the coauthor (with Allen P. Manvel and Susannah E. Calkins) of *Monitoring Revenue Sharing*. CHARLES ADAMS is a research associate at Brookings.

Many strategies are available to relieve central city hardship. At the local level, burden spreading can be achieved by consolidation; annexation; setting up special districts to provide services on a regional basis; revenue sharing within a region as under the new Minneapolis-St. Paul plan; and various other forms of interlocal cooperation.

States governments, too, can bring about burden spreading within metropolitan regions. They can authorize commuter taxes; equalize fiscal capacity and service levels through state financial aid to local governments (both general support and specific grants for welfare, education, and other local functions); directly assume certain functions; require regional action; expand county responsibilities; or in some cases facilitate (even mandate) consolidation or annexation measures.

The federal government can also help to equalize fiscal conditions within metropolitan areas as a result of the way its fiscal subventions are allocated; or, like the states, it too can require intergovernmental arrangements at the regional level for particular functions, such as transportation and health services. In addition, the federal government, as it has in recent years, can encourage the establishment of general regional planning and coordinating mechanisms as vehicles for helping to achieve greater burden sharing between central city and suburban jurisdictions.

We do not in this article draw conclusions as to where burden-spreading techniques should be adopted or which ones will work best. The aim so far has been to examine the conditions of local governments in metropolitan areas in order to identify those areas which, because of central city hardship conditions, need to be looked at most closely to assess new and existing techniques to spread burdens and equalize fiscal conditions.

INTRAMETROPOLITAN AREA COMPARISONS

Intercity comparisons of the severity of social and economic problems such as unemployment, poverty, and crowded housing, can be made in either of two ways. The most common approach measures conditions for individual cities compared with each other, ranking the cities by levels of distress for the measures considered. Another approach, however, is called for if one is concerned with the implications of social and economic problems for the governance of individual urban centers, and particularly the ability of city governments to do something about such problems.

Geographically dispersed central cities compete with one another only in a rather remote and long-term sense. In the short haul, each of them is much more intensively affected by whatever differences may exist in the severity of social and economic problems within its own boundaries in relation to its adjacent suburbs. In this context, what are needed are comparative data on the social and economic hardship of the central city in relation to its own surrounding suburban areas. Where the city-to-suburb hardship ratio is high and no structural measures have been adopted to spread this burden, flight to the suburbs can be expected to accelerate and urban crisis conditions will deepen.

How do the nation's largest central cities rank in these terms? Which of them are the worst off as compared with their suburbs for various economic and social indicators? In the metropolitan areas where the central city is most disadvantaged relative to its suburbs, is the central city also isolated in terms of its relative size and its governmental structure? In an effort to answer these questions, we shall deal with the most populous city in fifty-five of the nation's sixty-six largest metropolitan areas. These are standard metropolitan statistical areas (SMSA's) that in 1970 had populations of over 500,000, as geographically defined in 1972.[1] A composite index was developed, which expresses the city-suburban relationship for six measures available from the 1970 census:

1. Unemployment (percent of civilian labor force unemployed)
2. Dependency (persons less than eighteen or over sixty-four years of age as a percent of total population)
3. Education (percent of persons twenty-five years of age or more with less than twelfth-grade education)
4. Income level (per capita income)
5. Crowded housing (percent of occupied housing units with more than one person per room)
6. Poverty (percent of families below 125 percent of low-income level)

City-suburban ratios were calculated for each measure. For per capita income level, where a higher amount is a "desirable" characteristic, the suburban amount in each instance was divided by the city-area amount. For each of the other five items, involving "undesirable" characteristics, the city-area value was divided by the suburban value.

The resulting ratios were standardized to give equal weight to each of these comparative measures. These standardized ratios were then summed to derive a set of composite index numbers which in turn were adjusted to a base level of 100.[2] Accordingly, a hardship index figure of over 100 in Table 1, column A, denotes that the primary central city is disadvantaged in relation to the balance of its SMSA: the higher the figure the greater the disadvantage. A figure under 100 denotes that, on balance, the central city is better off than its suburbs in terms of these six measures.[3]

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[1] Eleven SMSA's over 500,000 were omitted from this analysis for the following reasons: (1) Washington, D. C., because of its uniqueness as a combined state and local government; (2) Honolulu and Jacksonville, because their consolidated city-county governments comprise entire SMSA's; (3) San Antonio, Memphis, and Nashville because the population of the central city is more than three-quarters of that of the SMSA; and (4) five other areas where the most populous central city has less than 18 percent of the total SMSA population—Albany-Schenectady-Troy, Anaheim-Santa Ana-Garden Grove, New Brunswick-Perth Amboy-Sayerville, Paterson-Clifton-Passaic, and Riverside-San Bernadino-Ontario.

[2] The Appendix to this article explains the standardization process used.

[3] Although the term, "hardship index," is used because we are interested in identifying

As shown in Table 1, some comparative disadvantage is indicated for three-fourths of the fifty-five cities examined. For more than one-fourth of them, an index of 200 or more appears, denoting especially marked city-suburban divergences. Near the top of the list are four of the six cities with more than 1 million population: Chicago, New York, Detroit, and Philadelphia. Index figures for the other two, Los Angeles and Houston, indicate substantial equality between the central city and suburban territory. Almost all of the relatively most disadvantaged central cities are located in the northeastern and north central regions. Conversely, most of the cities which in terms of this comparative index are better off than the balance of their respective metropolitan areas are in the South and West.

Use of the Hardship Index

The hardship index as constructed here is one among many approaches that could be used to classify central city problems and conditions in relation to the rest of their metropolitan area. The specific indicators used could be modified. However, because it is reasonable to expect that these variables are correlated with other variables that might have been used, we believe the rankings presented here would generalize to other sets of indicators. It should also be noted that these rankings of the disparities between central cities and their suburbs are derived from norm-based criteria. That is, cities and suburbs rank high and low relative to other cities and suburbs, and not according to some absolute standard.

It should be noted that eight of the eighteen central cities listed in Table 1 which show up most favorably are in metropolitan areas defined by the U.S. Office of Management and Budget as having more than one central city.[4] Of the forty other cities listed, only three (Minneapolis, Springfield, and Gary) are in SMSA's with more than a single central city.

Findings Summarized

Examining the data presented in Table 1, a number of summary observations can be made:

1. The most important point that emerges is that the relatively greater disadvantaged central cities are concentrated among older cities in the northeastern and north central regions. In these two regions we find the most serious cases of city boundaries established in the late nineteenth century that at the time reflected the extent of urban settlement but now encase only the poverty-impacted core of a metropolitan area. Conversely, most of the central cities, which in terms

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problem cases, cities and suburbs which rank well on the six indicators in this analysis should not be considered as being in the hardship category.

[4] Greensboro, Ft. Lauderdale, Seattle, Norfolk, Allentown, San Francisco, Los Angeles, and Tampa.

TABLE 1

Index of Central-City Hardship Relative to Balance of SMSA and Selected Population Data for Fifty-five of the Sixty-six Largest SMSA's

Primary Central City of SMSA	*Central City Hardship Index*[a] *(A)*	*Number of County Areas in SMSA*[b] *(B)*	*SMSA Population, 1970* Total (000) *(C)*	Percent Central City *(D)*	Percent Central County *(E)*	*Region*[f] *(F)*
Newark	422	3	1,857	20.6	50.1	NE
Cleveland	331	4	2,064	36.4	83.4	NC
Hartford	317	c	664	23.8	e	NE
Baltimore	256	6	2,071	43.7	43.7[d]	NE
Chicago	245	6	6,975	48.2	78.7	NC
St. Louis	231	7	2,363	26.3	26.3[d]	NC
Atlanta	226	5	1,390	35.8	43.7	S
Rochester	215	4	883	33.6	80.7	NE
Gary	213	2	633	27.7	86.2	NC
Dayton	211	4	850	28.6	71.3	NC
New York	211	5	11,572	68.2	68.2[d]	NE
Detroit	210	3	4,200	36.0	63.5	NC
Richmond	209	4	518	48.2	48.2[d]	S
Philadelphia	205	8	4,818	40.4	40.4[d]	NE
Boston	198	c	2,754	23.3	26.7[e]	NE
Milwaukee	196	4	1,404	51.1	75.1	NC
Buffalo	189	2	1,349	34.3	82.5	NE
San Jose	181	1	1,065	41.9	100.0	W
Youngstown	180	2	536	26.1	56.6	NC
Columbus, Ohio	173	3	916	58.[illegible]	90.9	NC
Miami	172	1	1,268	[illegible]	100.0	S
New Orleans	168	4	1,046	56.7	56.7[d]	S
Louisville	165	3	827	43.7	84.1	S
Akron	152	2	679	40.5	81.5	NC
Kansas City, Mo.	152	6	1,254	40.5	52.[illegible]	NC
Springfield, Mass.	152	c	530	30.9	86.6[d]	NE
Ft. Worth	149	2	762	51.6	94.0	S
Cincinnati	148	7	1,385	32.7	66.7	NC
Pittsburgh	146	4	2,401	21.7	66.8	NE
Denver	143	5	1,228	41.9	41.9[d]	W
Sacramento	135	3	801	31.8	78.9	W
Minneapolis	131	[illegible]	1,814	24.0	52.9	NC
Birmingham	131	3	739	40.7	87.2	S
Jersey City	129	1	609	42.8	100.0	NE
Oklahoma City	128	3	641	57.2	82.2	S
Indianapolis	124	8	1,110	67.1	71.8[d]	NC
Providence	121	c	913	19.6	63.6[e]	NE
Grand Rapids	119	2	539	36.6	76.2	NC

TABLE 1 (Continued)

Index of Central-City Hardship Relative to Balance of SMSA and Selected Population Data for Fifty-five of the Sixty-six Largest SMSA's

			SMSA Population, 1970			
Primary Central City of SMSA	*Central City Hardship Index[a] (A)*	*Number of County Areas in SMSA[b] (B)*	*Total (000) (C)*	*Percent Central City (D)*	*Percent Central County (E)*	*Region[f] (F)*
Toledo	116	3	693	55.4	69.9	NC
Tampa	107	2	1,013	27.4	48.4	S
Los Angeles	105	1	7,036	40.0	100.0	W
San Francisco	105	5	3,110	23.0	23.0[d]	W
Syracuse	103	3	637	31.0	74.3	NE
Allentown	100	3	544	20.1	47.0	NE
Portland, Oreg.	100	4	1,009	37.8	55.2	W
Omaha	98	3	540	64.3	72.1	NC
Dallas	97	6	1,556	54.3	85.3	S
Houston	93	5	1,985	62.1	87.8	S
Phoenix	85	1	968	60.1	100.0	W
Norfolk	82	4	681	45.2	45.2[d]	S
Salt Lake City	80	2	558	31.5	82.2	W
San Diego	77	1	1,358	51.3	100.0	W
Seattle	67	2	1,422	37.3	81.3	W
Ft. Lauderdale	64	1	620	22.5	100.0	S
Greensboro, N.C.	43	4	604	23.9	47.8	S

SOURCES: Central city disadvantage index calculated from data in U. S. Bureau of the Census, *County and City Data Book, 1972* (Washington, D.C., 1972), tables 2, 3, and 6; county areas and population from U.S. Bureau of the Census, *1972 Census of Governments*, Vol. 1, Governmental Organization (Washington, D.C., 1972), table 19.

[a] See definition in text.

[b] Including city-counties.

[c] New England SMSA, comprising city and township areas, rather than entire counties.

[d] City-county.

[e] For New England SMSA's, the central county population figures are based on the following county areas: Boston, Suffolk County; Springfield, Hampden County; Providence, Providence County. In the case of the Hartford SMSA, the associated county area extends over more than one SMSA and the county population information was, therefore, not used.

[f] The Northeast includes all of the New England states plus New York, Pennsylvania, and New Jersey. The north central region includes Michigan, Ohio, Indiana, Illinois, Wisconsin, Minnesota, Iowa, Missouri, North and South Dakota, Nebraska and Kansas. The South includes Delaware, Maryland, Virginia, West Virginia, North and South Carolina, Kentucky, Tennessee, Georgia, Florida, Alabama, Mississippi, Arkansas, Louisiana, Oklahoma, and Texas. The West includes Montana, Wyoming, Colorado, New Mexico, Idaho, Utah, Arizona, Washington, Oregon, Nevada, and California.

of this comparative hardship index are better off than the balance of their respective metropolitan areas, are located in the South or West.

2. In approximately half of these fifty-five SMSA's, the central city accounts

for 40 percent or more of the population of the SMSA, which suggests that the citizens of these units can have an important electoral influence on matters of areawide concern, especially where there is an overlying county government which finances significant services.

3. Counties, as would be expected, have broader jurisdictions than cities. Only three of what the Census Bureau classifies as the central county account for less than 40 percent of the population of the SMSA. Thus, for both types of jurisdictions (central cities and central counties) these figures suggest that central city isolation is perhaps not as severe as the frequent stereotype.

4. Besides New York, five other cities in the top two quintiles are combined city-counties. There are altogether ten such combined city-counties in the table.[6] Among these units without an overlying county, San Francisco and St. Louis stand out as having the smallest share of the total SMSA population, 23.0 and 26.3 percent respectively.

5. Six SMSA's of over 1 million population are above 200 on the composite index and at the same time account for less than 40 percent of their SMSA population. They are Newark, Cleveland, St. Louis, Detroit, Atlanta, and Philadelphia. These are the most serious problem cases. All but Atlanta among these six central cities lost population from 1960 to 1970.

6. At the other end of the spectrum, five SMSA's of over 1 million population are 100 and under on the composite index—Seattle; San Diego; Houston; Dallas; and Portland, Oregon.

7. The top three cities in the table—Newark, Cleveland, and Hartford—show up clearly as problem cases in that, besides their hardship ranking, the central city in every case accounts for less than 40 percent of the area's population, which would be expected to weaken their influence in dealing with matters of areawide concern.

INTERMETROPOLITAN AREA COMPARISONS

The final point in this summary of findings raises an important issue. In terms of intrametropolitan disparities in hardship, Newark, Cleveland, and Hartford rank highest. Yet urban experts whose expertise is based on the Tocqueville method of knowing something firsthand about different metropolitan areas will quickly point out that although Hartford does indeed have problems, the city does not face as deep and serious a condition of urban blight as Newark or Cleveland. There is no question but that this is true. A big part of the reason that Hartford ranks third on the hardship index is that its suburbs are relatively well off.

To generalize from the Hartford case, because the composite index is constructed as a ratio of central city to suburban hardship, there are a variety of possible situations that can explain the ranking of a particular central city. For example, city "A" might rank high, although not at the top, in the composite index because it is extremely hard-pressed while its adjoining suburbs face only moderate distress. Alternatively, city "B," as in the case of Hartford, could have considerably less central city distress but much wealthier suburbs and end up with the same, or close to the same, composite index as city "A."

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[6] Three consolidated city-counties of over 500,000 population—Honolulu, Jacksonville, and Nashville—are eliminated from this analysis as they comprise all or nearly all the population of their SMSA.

The Use of Separate Indexes for Cities and Suburbs

To study these kinds of differences which underlie the hardship index in Table 1, two separate indexes (similar to the composite index presented in Table 1) were constructed, one for central cities and the other for suburbs. These two indexes provide a basis for comparing central cities to one another and for comparing suburbs to other suburbs, thus enabling us to analyze the *reasons* for the rankings shown in Table 1.

A major problem encountered in any effort to make intercity and intersuburb comparisons is the necessity to account for regional cost-of-living differences. Because of such differences, adjustments had to be made in both of the income-related variables in the hardship index.[6] These adjustments are based on the indexes of family budgets compiled by the Bureau of Labor Statistics.[7] Constructed for various family structures and consumption standards, these BLS indexes reflect differences in the size of the budget necessary to achieve a specific standard of living in forty urban areas in the United States. These budget size differences among urban areas reflect both differences in the quantities of goods and services needed to achieve a specific consumption standard and differences in the cost of these items. The most recent compilation is for autumn 1973.

The cities and suburbs are ranked in Table 2 in descending order according to their level of relative hardship as measured by the two interarea indexes. As noted earlier, the data sources and the standardization procedure used to construct the intercity and intersuburb indexes are the same as those used to construct the intra-SMSA index. Unlike the intra-SMSA index, however, the values were not normalized to a base of 100, hence, the difference in numerical formats.

THREE BASIC COMBINATIONS

Having compiled these intercity and intersuburb indexes, it is possible to compare the relative national rankings of the central city and its suburbs both *within*

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[6] In the case of the composite index as previously described, such adjustments were not made on the assumption that, while cost-of-living differences may exist between cities and suburbs, the nature of those differences would be reasonably uniform throughout the country.

[7] See U.S. Department of Labor, Bureau of Labor Statistics, *Handbook of Labor Statistics 1975-Reference Edition* (Washington, D.C., 1975), pp. 14–15 and Tables 141–154. The way in which the BLS budget indexes were used to adjust the two income variables included in the interarea indexes is explained in the Appendix.

TABLE 2

Interarea Hardship Indexes Comparing Cities to Cities and Suburbs to Suburbs

Intercity Hardship Index		*Intersuburb Hardship Index*	
City	*Hardship Index*	*Suburb*	*Hardship Index*
Newark	85.5	Birmingham	53.2
St. Louis	75.5	New Orleans	50.8
New Orleans	72.6	Salt Lake City	50.0
Gary	70.0	Jersey City	48.9
Miami	62.5	Tampa	47.6
Birmingham	61.8	Norfolk	46.3
Youngstown	60.3	Greensboro, N.C.	46.2
Baltimore	60.0	Phoenix	46.0
Cleveland	59.6	Providence	45.5
Detroit	58.6	Grand Rapids	45.3
Buffalo	57.2	Cincinnati	42.4
Jersey City	56.6	Gary	42.1
Hartford	56.2	Sacramento	40.8
Louisville	55.9	Houston	40.3
Cincinnati	53.5	Omaha	39.8
Providence	52.7	St. Louis	39.7
Springfield, Mass.	52.0	Youngstown	39.4
Tampa	50.9	Syracuse	39.4
Sacramento	50.4	Springfield, Mass.	39.2
Grand Rapids	50.3	Louisville	39.0
Atlanta	50.1	San Diego	38.4
Philadelphia	50.0	Indianapolis	37.3
Chicago	49.3	Toledo	37.1
Pittsburgh	47.1	Miami	36.9
Dayton	46.9	Portland, Oreg.	36.1
Rochester	46.3	Seattle	36.0
Richmond	46.2	Buffalo	35.4
Boston	45.8	Pittsburgh	35.1
New York	45.3	Ft. Lauderdale	34.0
Akron	43.4	Los Angeles	33.9
Norfolk	43.4	Dallas	33.4
Ft. Worth	42.8	Detroit	31.3
Milwaukee	42.2	Akron	31.2
San Jose	41.9	Ft. Worth	30.3
Toledo	41.4	Allentown	29.8
Syracuse	40.8	Oklahoma City	28.9
Indianapolis	40.3	Kansas City, Mo.	26.9
Phoenix	40.1	Philadelphia	25.9
Kansas City, Mo.	38.9	San Francisco	25.7
Houston	38.2	Minneapolis	25.5
Los Angeles	37.9	Boston	25.3
Portland, Oreg.	37.7	Richmond	24.9
Salt Lake City	37.6	Milwaukee	24.5
Oklahoma City	35.5	Baltimore	24.3

TABLE 2 (Continued)

Interarea Hardship Indexes Comparing Cities to Cities and Suburbs to Suburbs

Intercity Hardship Index		*Intersuburb Hardship Index*	
City	***Hardship Index***	***Suburb***	***Hardship Index***
Omaha	35.3	New York	22.3
Columbus, Ohio	34.9	Rochester	22.3
San Diego	33.2	Dayton	22.1
Dallas	32.6	Denver	22.0
Denver	30.0	San Jose	21.5
Allentown	29.1	Atlanta	21.0
Minneapolis	28.9	Chicago	20.5
San Francisco	28.8	Newark	20.0
Seattle	28.5	Columbus, Ohio	19.5
Greensboro, N.C.	28.2	Hartford	18.3
Ft. Lauderdale	24.0	Cleveland	15.5

SOURCE: Calculated from data in U. S. Bureau of the Census, *County and City Data Book, 1972.*

NOTES:

1. Cities and suburbs are ranked in descending order according to the level of relative hardship measured by the hardship indexes.
2. Suburb population is defined as the difference between the SMSA population and the population of the SMSA primary central city.
3. The data sources and standardization procedure used to construct the intercity and intersuburb indexes are the same as those used to construct the intra-SMSA hardship index. See the Appendix for a discussion. The refinements made to the two income variables in order to reduce the effects of regional cost-of-living differences are also explained in the Appendix.

SMSA's and *among* SMSA's. From here on, we distinguish between the *intra-SMSA* index as shown in Table 1 and the two separate *interarea* indexes for cities and suburbs. In Table 3, the fifty-five SMSA's are arrayed according to three types of relationship between the two interarea indexes. The first relationship (Type 1, *Significant Disparity)* includes cases in which either the central city or its suburbs ranks in the second or first quintile on the interarea hardship index, and where there is a difference of two quintile groups or more between the rankings of the central city and its suburbs on the two interarea indexes. The second combination (Type 2, *Both High*) includes cases in which both the central city and its suburbs rank near the top (having the worst conditions) on the two interarea indexes. The third combination (Type 3, *Both Middle Quintile or Below*) includes cases in which both the central city and its suburbs rank in the middle or below on the two indexes.

Type 1: Significant Disparity

Altogether, there are eighteen Type 1 cases. Nine are SMSA's where the central city is in the second or first quintile (most adverse) on the intercity index. Seven of these nine SMSA's are above 200 on the composite index. These are the most

TABLE 3

Quintile Rankings of Cities and Suburbs on the Individual Central City and Suburban Hardship Indexes[a]

Group 1	Type 1[b] SMSA	City	Suburb	Type 2[c] SMSA	City	Suburb	Type 3[d] SMSA	City	Suburb
Central cities scoring 200 or more on the intra-SMSA index	Newark	1	5	St. Louis	1	2	Chicago	3	5
	Cleveland	1	5	Gary	1	2	Rochester	3	5
	Baltimore	1	4				Dayton	3	5
	Hartford	2	5				New York	3	5
	Atlanta	2	5				Richmond	3	4
	Philadelphia	2	4						
	Detroit	1	3						

Group 2	Type 1[b] SMSA	City	Suburb	Type 2[c] SMSA	City	Suburb	Type 3[d] SMSA	City	Suburb
Central cities scoring between 100 and 200 on the intra-SMSA index	Buffalo	1	3	Birmingham	1	1	Akron	3	3
	Miami	1	3	New Orleans	1	1	Pittsburgh	3	3
	Indianapolis	4	2	Youngstown	1	2	Boston	3	4
	Syracuse	4	2	Cincinnati	2	1	Ft. Worth	3	4
				Grand Rapids	2	1	Milwaukee	3	4
				Jersey City	2	1	Los Angeles	4	3
				Providence	2	1	Toledo	4	3
				Tampa	2	1	Kansas City, Mo.	4	4
				Louisville	2	2	Oklahoma City	4	4
				Sacramento	2	2	San Jose	4	5
				Springfield, Mass.	2	2	Minneapolis	5	4
							San Francisco	5	4
							Columbus, Ohio	5	5
							Denver	5	5

Group 3	Type 1[b] SMSA	City	Suburb	Type 3[d] SMSA	City	Suburb
Central cities scoring 100 or less on the intra-SMSA index	Greensboro, N.C.	5	1	Portland, Oreg.	4	3
	Phoenix	4	1	Dallas	5	3
	Salt Lake City	4	1	Ft. Lauderdale	5	3
	Omaha	5	2	Seattle	5	3
	San Diego	5	2	Allentown	5	4
	Houston	4	2			
	Norfolk	3	1			

[a] Rankings are on the basis of the quintile in which each city and suburb fell in the respective intercity and intersuburb hardship indexes. Cities and suburbs coded 1 are in the top quintile, evidencing the highest degree of social and economic hardship.

[b] Type 1 cases are characterized as "Significant Disparity." Either the central city or its suburbs ranked in the second or first quintile of the interarea hardship index, and there was a difference

serious hardship cases in that both current social and economic conditions and the dynamics of growth in these regions are highly adverse for the central city. As indicated earlier, it is in these metropolitan areas that flight to the suburbs is likely to be exacerbated as out-migration from the central city causes a further deterioration in the social and economic conditions of the central city.

There are also nine Type 1 cases where the opposite occurs—relatively poor suburban areas adjoining relatively much better-off central cities. Two of these SMSA's (Indianapolis and Syracuse)[8] nevertheless scored above 100 on the intra-SMSA index. This can be explained by the fact that for the overall sample, suburbs on average evidenced a lower level of hardship conditions than cities. In the cases of Indianapolis and Syracuse, this served to offset the differences in city and suburban rankings reflected in the intercity and intersuburb indexes.

In terms of the dynamics of central city hardship, the seven Type 1 central cities scoring 100 or less on the intra-SMSA index can be said to be the best off central cities of those analyzed. Greensboro, North Carolina, heads this group with the lowest rating (43) on the intra-SMSA index. Its central city is in the bottom quintile among central cities and its suburbs (which include substantial rural area) are in the top quintile on the intersuburb index. Two of the seven SMSA's in this group—Houston and San Diego—are over 1 million poulation.

Type 2: Both High

The most interesting findings for the interarea comparisons pertain to what we have classified as Type 2 cases. Table 3 contains thirteen SMSA's where both the city and its suburbs are in the second or first quintiles of their respective interarea hardship indexes. These are cases of central cities, characterized by relatively extreme hardship conditions, adjoining suburbs with similar characteristics. Because of these similarities, the intra-SMSA index tends to understate, and even conceal, central city hardship. In eleven of these cases, a score of under 200 is registered on the intra-SMSA hardship index. Two of these SMSA's, Birmingham and New Orleans, have both their central city and suburban area in the top quintile of the intercity and intersuburb indexes. Even though the problems caused by city-suburban disparities would appear to be less serious in these cases, the fact of central city hardship remains.

The two Type 2 cases scoring above 200 on the intra-SMSA index are St. Louis

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of two quintiles or more between the rankings of the central city and its suburbs on the two interarea indexes.

[c] Type 2 cases are characterized as "Both High." Both the central city and its suburbs ranked in either the second or first quintile of the interarea hardship indexes, implying a relatively high level of hardship for both areas.

[d] Type 3 cases are characterized as "Both Middle Quintile or Below." Both the central city and its suburbs ranked relatively well on the interarea hardship indexes, each falling in either the third, fourth, or fifth quintile.

[8] The Indianapolis data here are postconsolidation. The central city, as shown in Table 1, accounts for 67.1 percent of the SMSA population.

and Gary. In effect, while both city and suburb rank very poorly in their respective interarea indexes in these two cases, the extent of the hardship evidenced by the city dominates.

The thirteen Type 2 cases, with three exceptions, tie in closely to the generalization made earlier that problem cases tend to be located in the northeastern and north central regions. The three exceptions are Sacramento, Birmingham, and New Orleans.

Type 3: Both Middle Quintile or Below

There are twenty-four Type 3 SMSA's, where both the central city and its suburbs are in the middle quintile or below on the two interarea indexes. This does not mean that disparities are absent. To the contrary, five of the SMSA's in this group are 200 or above on the intra-SMSA index, including New York and Chicago. These two SMSA's, plus Dayton and Rochester, have central cities in the middle quintile on the intercity index and suburbs in the bottom quintile on the intersuburb index. We would expect their central city hardship to be less severe than that of Newark and Cleveland, yet the fact and dynamics of disparity exist in all four cases.

Fourteen Type 3 cases scored between 100 and 200 on the intra-SMSA index. Among these, Boston is the standout case, scoring 198 on the intra-SMSA index. Its central city is in the third quintile on the intercity index and its suburbs are in the fourth quintile on the intersuburban index. Milwaukee is a close second on this basis, scoring 195 on the intra-SMSA index.

Summary Observations

It is difficult to draw a sharp line between cases with and those without high levels of hardship. Clearly in the hardship group are the seven Type 1 (*Significant Disparity*) cases scoring above 200 on the intra-SMSA index. Buffalo and Miami probably should be added to this group. For these nine cases, the existence of a relatively high level of hardship is shown by the intercity index, and at the same time the dynamics of disparities as revealed by the intra-SMSA index signal a potential worsening of the central city hardship level over time.

All of the Type 2 (*Both High*) case central cities evidence a high degree of relative hardship when compared to other central cities. However, because their adjoining suburbs evidence similarly high levels of hardship, the dynamics of hardship are less clear for these cases.

The five Type 3 (*Both Middle Quintile or Below*) cases scoring over 200 on the intra-SMSA index, and to a lesser extent Boston and Milwaukee, evidence significant hardship disparities between the central city and its adjoining suburbs. While the level of relative hardship revealed by the intercity index may be characterized as moderate, the dynamics of hardship revealed by the intra-SMSA index are nevertheless unfavorable for these seven cases.

The net result is that well over half of the central cities in the SMSA's included in this analysis (in fact, twenty-nine cases) appear to face some measure of relative hardship.

Moreover, from the population data provided in Table 1 it can be observed that the twenty-nine central cities included in the hardship group are politically more isolated than the remaining twenty-six central cities studied. Only ten of the twenty-nine hardship cities, or approximately 35 percent, account for 40 percent or more of their SMSA total population. This compares to sixteen out of twenty-six, or 62 percent of the other cities studied. On average, the percent of SMSA population accounted for by the central city is 35.9 percent for the hardship group versus 42.5 percent for the others.

It should be reiterated that the term "hardship" does denote only relative hardship as revealed by comparative data. Furthermore, comparisons among areas on the basis of a specific set of hardship indicators as presented here do not necessarily reflect differences in actual levels of distress. The performance of city government and the roles played by adjoining local governments, regional organizations, and state governments all have a bearing on how well specific "hardship" situations are handled. Two cities or suburbs which rank closely in the interarea hardship index may exhibit significant differences in terms of the actual level of distress resulting from these conditions.

CONCLUDING COMMENTS

At the height of the New York City fiscal crisis, it was important to point out, as these data show, that a number of central cities face much more serious social and economic problems than New York. This distinction between social, economic, and fiscal distress is an important one. Newark, New Jersey, ranks highest in social and economic distress, both in relation to its adjoining suburbs and to the other cities included in our analysis, yet Newark has a reputation for conservative fiscal practices.

To a significant degree, the social and economic hardship conditions of central cities which we have focused on in this article are a function of governmental structure. Ofen regarded as a dull subject and relegated to the academic sidelines, the examination of governmental structure in relation to economic and social conditions is essential for understanding and dealing with urban needs. There are, in fact, increasing signs that the issue of whether the national government should intervene in matters of local structure will become the central question of domestic policy in the next decade. Reasons why this debate is likely to intensify are not hard to find. Unless the federal government intervenes in some way in structural matters, it is hard to see how national policy can on an equitable basis, and on a significant scale, deal with the social and economic problems of central cities. Federal grant policy, assuming for the moment that a sizable amount of new resources was available, may not be a good instrument for aiding central cities on any kind of a general basis.

The major barrier to federal action in this area is the dilemma of rewarding laggards. In relation to the kinds of reforms advocated for decades by "good-government" groups (consolidation, annexation, and various other plans for regional cooperation), a program aiding the central cities that are the worst off would in many cases be detrimental to precisely those metropolitan regions which have done the most on their own to reform their governmental structure. Hence, the question arises: If Jacksonville or Indianapolis *de*consolidated and separately incorporated their poverty-impacted core area, would they be able to receive aid, or more aid, under a special federal program of grants to poverty-impacted core cities? The nature of American federalism, with so many different governmental constellations, greatly complicates the task of designing a federal policy to deal directly with cities on a generalized basis. Since our purpose is descriptive, not prescriptive, we leave open the question of whether there should be a new federal aid policy, or any other kind of policy, to aid central cities facing serious social and economic hardship conditions.*

METHODOLOGICAL APPENDIX

Table 1

The ratios in column A, Table 1 have been standardized to avoid giving undue weight to any of the six characteristics. This was done by assigning a value of 100 to the range of variation in each of the six sets of ratios. For instance, for the crowded-housing ratio, the highest and lowest cities are: Newark, 3.40, and Salt Lake City, 0.52. A value of 100 was assigned to 3.40 and a value of 0 to 0.52. The ratios in between these two are assigned values from 0 to 100 using the following formula:

$$X = \left(\frac{Y_i - Y_{min}}{Y_{max} - Y_{min}}\right) 100$$

where: X = standardized ratio to be created
Y = ratios calculated from data in U.S. Bureau of the Census, *County and City Data Book, 1972*, tables 3 and 6
Y_{max} = maximum value of Y
Y_{min} = minimum value of Y

To continue with the Newark example: its six separate standardized ratios were calculated with the above formula; the ratios were then summed and the total divided by 6. This yielded the figure of 94.8. (If Newark had scored the highest on all six ratios, this number would have been 100 by definition.) This operation was repeated for all of the cities, ending up with a composite index with values ranging from 94.8 for Newark to 9.6 for Greensboro.

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* The authors are indebted to Allen D. Manvel, Robert D. Reischauer, Dan Crippen, and Handy Hevener for invaluable help in developing the framework and originally assembling statistical material presented in this article.

For purposes of clarity, however, we wished to display the disadvantage index so that cities could be easily identified as to whether they were worse off or better off than their suburbs. To accomplish this, the composite index was adjusted to a base level of 100. The value, 100, would be in this new set the disadvantage index of a city whose statistics are the same as its suburbs. On a standardized basis (from 0 to 100), such a city would score 22.44. (This is the mean of the standardized index obtained for a city with a ratio of 1.00 on each of the six separate measures.) The central-city disadvantage index of Newark thus becomes the ratio of 94.8 to 22.44 (times 100): 422.

Table 2

The adjustment to the per capita income variable is based on the BLS index of annual budgets at the "intermediate level" of living for a four-person urban family. The family unit around which this budget is constructed consists of an employed husband, aged thirty-eight, a wife not employed outside the home, and two children, ages eight and thirteen. The types of consumption reflected in the budget include food, housing, transportation, clothing, and medical care.

This adjustment was made by dividing the income variable for each city by its specific budget index. (For twenty-five of the cities in our sample, direct budget indexes were available from the BLS compilation. For the remaining thirty cities, estimates of budget indexes were made on the basis of proximity to cities included in the BLS compilation.) As a result, cities with a higher than average budget have their per capita income measure reduced; the opposite occurs for cities with a below-average budget. Comparable adjustments were made to the suburban per capita income variable in computing the intersuburb index. (The underlying assumption is that, while differences in city and suburban budget size may exist, differences among suburban areas will correspond closely with differences among cities.)

For the variable percent of families below 125 percent of the low-income level, the BLS index of annual budgets at the "lower level" of living for a four-person urban family was used. There are important differences between the lower and intermediate budget levels in terms of the composition of spending as well as in the level of total spending. For example, families in the lower-level budget group are all assumed to be renters.

Using the lower-level budget index, the percent of low-income families variable was adjusted for both the city and suburban indexes by multiplying that variable by the lower-level budget index. The result was that cities and suburbs in which the lower consumption standard could be financed at relatively less cost had the percent of low-income families variable reduced, whereas for areas where it cost relatively more, an upward adjustment was made to the percent of low-income families variable.

The Prospects for Urban Revival

James W. Fossett
and
Richard P. Nathan*

The last few years have seen a major shift in the rhetoric surrounding public discussion of the future of older American cities. By contrast with earlier prevailing wisdom, which had defined the older city as an obsolete economic life form, much current reporting on urban conditions has been optimistic Some observers have argued that decreases in family size and increases in energy and housing costs have made central cities more attractive places to live, and point to increasing levels of housing rehabilitation in many cities as evidence that households are already moving in. Still other observers point to near boom levels of downtown construction, increased demand for office space at record rents, and the success of such commercial developments as Ghirardelli Square in San Francisco

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*The authors are Research Associate, Ph.D. Program in Urban and Regional Planning, University of Michigan and Director, Princeton University, Urban and Regional Research Center. We wish to acknowledge exemplary research assistance from Jerry P. Cawley of Michigan and Arthur Maurice of Princeton, help in obtaining information from Tim Jones of the Census Bureau, and useful comments on an earlier draft from Thomas J Anton, Robert F. Cook and Michael H. Schill. The research reported in this paper was supported by the Department of Housing and Urban Development under Grant H2899RG to the Brookings Institution. The views and opinions in this paper are those of the authors and should not be attributed to HUD, Brookings, Michigan, Princeton or any other institution with which either of the authors has been, is currently, or expects to be affiliated

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and Water Tower Plaza in Chicago as evidence that the economies of many older cities are beginning to revive._/

In spite of these optimistic reports and the physical evidence of construction in Baltimore's Inner Harbor and Chicago's North Shore, a doubling of median office rents in Manhattan in the last five years, and impressive amounts of housing rehabilitation in such areas as Adams-Morgan in Washington and Queen Village in Philadelphia, it is far from clear that many older cities have turned the corner or even bottomed out. Some observers have argued that increased energy costs will not make urban locations appreciably more attractive to either residents or businesses, and may even result in increased movement out of cities._/ Several careful studies in a number of cities from a variety of sources have failed to turn up much evidence of a "back to the city" or even a "remain in the city" movement of any appreciable size._/ Further,

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_/See, for example, T.D. Allman, "The Urban Crisis Leaves Town," *Harpers* (December, 1978); Wolf Von Eckardt, "New Mood Downtown," *Transaction* (September-October, 1979) and "Comeback for Cities, Woes for Suburbs," *U.S. News and World Report* (March 24, 1980), p. 53-58)

_/Kenneth A. Small, "Energy Scarcity and Urban Development Patterns" (Department of Economics, Princeton University, 1980) processed

_/See, for example, Kathryn Nelson, "Movements of Blacks and Whites Between Central Cities and Suburbs in 11 Metropolitan Areas, 1955-75," *Annual Housing Survey Working Papers: Report #2* (Office of Economic Affairs, Office of Policy Development and Research, HUD), May, 1978; Larry Long, "Into the Countryside and Back to the City," in Shirley Laska and Daphne S[illegible] in (eds.) *Back to the City: Issues in Neighborhood Renovation* (Bergamon Press, 1980). Larry H. Long and Donald C. Dahmann "The City-Suburb Income Gap: Is It Being Narrowed by a Back-to-the City Movement?" (Bureau of the Census Special Demographic Analyses, CDS-80-1, 1980) For a detailed assessment of the "gentrification" literature, see Michael H. Schill "Displacement Introduced by Urban Reinvestment: A Research Strategy," (Policy Paper, Princeton University Urban and Regional Research Center, forthcoming).

it seems possible that the oft-noted reduction in urban household size represents a postponement of marriage and child bearing rather than a permanent shift in family patterns._ The 1980s may see an acceleration of outmigration rates as the children of the baby boom years move through their own child bearing period._/ Others have argued that current booms in downtown construction and real estate, while positive in themselves, are only local improvements that at best have little impact on the rest of the city and at worst have created problems elsewhere by driving out smaller businesses unable to pay increased rents._/ Advocates of downtown development respond to these claims by arguing that large anchor developments are necessary for other sectors to revive and that this process is simply not far enough along for these broader benefits to have appeared.

While there has been considerable debate about the current state of American cities, there is relatively little concrete information about what has changed, and by how much. As we have argued elsewhere, much of the debate over the recent past and future of American cities has been conducted in terms of archetypes rather than evidence. Examples of rehabilitated neighborhoods in Adams-Morgan and Capitol Hill in Washington are countered with examples of residential displacement and further deterioration in Anacostia; and the West Side in Chicago is

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_/Vincent Barraba, "The Demographic Future of the Cities of America" Presentation before National Urban Policy Roundtable, February 7, 1980.

_/See George Sternleib and James Hughes, "Back to the Central City" Traffic Quarterly, Vol. 33, No. 4, (October, 1979), p. 617-636 and Julia Vitullo-Martin, "The Real Sore Spot in New York's Economy" Fortune, (November, 19, 1979), p. 92-105.

set against success stories in Lincoln Park and the North Shore. There is not much hard evidence, however, on how many housing units have been rehabilitated in Adams-Morgan, or in Washington as a whole, how many people have been displaced from Capitol Hill into Anacostia, or the effect of Water Tower Plaza on Chicago's retail sales. Evidence on the net impact, either positive or negative, of the processes under way in either of these or other cities is a scarce commodity, and it is an open question whether such evidence is even collected.

This paper addresses three questions about the nature and direction of urban change and the adequacy of available information on trends and conditions in cities. In the first section we review the most current available evidence on the recent demographic and economic history of older American cities. Our conclusions here are pessimistic—there is little evidence, at least to date, that either residential or economic revitalization has had any appreciable impact on any appreciable number of older cities. The second section assesses the adequacy, reliability, and timeliness of available data on economic and demographic trends in cities. Our conclusion here is also pessimistic—we lack the statistical capacity to say a great deal about recent changes in cities, and it is unlikely that we will gain that capacity in the future. Finally, we advance some ideas about the questions future research on urban conditions should deal with and the most useful types of information for answering them.

Table 1: Changes In Urban Conditions, 1960-1977

Quintiles, 1960 Urban Conditions Index	City	Urban Conditions Index* 1960 (1)	Urban Conditions Index* 1970 (2)	Percent Population Change (1960 Base Year) 1960 to 1970 (3)	1970 to 1977 (4)	1970 to 1975 (5)	1975 to 1977 (6)	Per Capita Income 1959 (7)	1967 (8)	1974 (9)
I	ST LOUIS..............	207.6	232.6	-17.0	-13.9	-13.0	-1.0	[illegible]	2726	4006
	BOSTON................	201.0	193.2	-8.1	-3.2	-.6	-2.6	1919	3073	4157
	NEWARK................	196.3	207.0	-5.6	-14.4	-10.6	-3.8	1792	2492	3348
	BUFFALO...............	190.9	244.1	-13.1	-13.6	-10.4	-3.2	1911	2877	4207
	PITTSBURGH............	178.4	200.3	-13.9	-12.9	-10.2	-2.7	1943	3071	4435
	CLEVELAND.............	177.9	215.7	-14.3	-16.2	-12.8	-3.4	1856	2821	3925
	PHILADELPHIA..........	166.2	168.5	-2.7	-3.5	-6.5	-1.9	1875	3017	4330
	ROCHESTER.............	166.2	187.9	-7.0	-12.5	-9.1	-3.4	2048	3237	4535
	DETROIT...............	154.0	151.9	-9.5	-13.3	-10.6	-2.7	2006	3290	4463
	CINCINNATI............	145.2	149.6	-9.9	-9.8	-8.0	-1.9	2042	3132	4517
	MINNEAPOLIS...........	144.5	154.7	-10.0	-15.3	-11.7	-3.7	2247	3483	5161
II	BALTIMORE.............	144.4	153.9	-3.5	-10.8	-5.8	-5.0	1867	2876	4330
	BIRMINGHAM............	140.9	134.2	-11.8	-5.4	-7.2	1.8	1567	2548	4023
	TOLEDO................	140.2	102.9	20.3	-8.0	-5.1	-2.8	2313	3252	4571
	LOUISVILLE............	140.0	138.3	-7.5	-9.9	-6.5	-3.3	1761	2758	4302
	CHICAGO...............	138.6	145.9	-5.3	-8.4	-7.4	-1.0	2274	3402	4889
	NEW ORLEANS...........	130.6	137.4	-5.4	-5.1	-5.4	.2	1739	2705	3258
	ST PAUL...............	127.6	132.2	-1.1	-14.0	-9.7	-4.3	2173	3397	4931
	NEW YORK CITY.........	127.6	127.8	1.5	-7.7	-5.3	-2.4	2286	3698	4939
	KANSAS CITY...........	124.5	102.8	6.7	-10.2	-7.3	-2.9	2174	3329	4736
	OAKLAND...............	120.7	106.6	-1.6	-8.0	-8.4	.5	2362	3616	5034
	AKRON.................	118.5	130.6	-5.1	-10.7	-8.2	-2.6	2122	3274	4614
III	PORTLAND..............	117.5	112.4	2.5	.5	-6.7	7.3	2281	3533	5192
	SAN FRANCISCO.........	115.0	116.4	-3.3	-8.2	-6.9	-1.3	2710	4232	5770
	MILWAUKEE.............	105.6	127.1	-3.3	-8.6	-6.9	-1.7	2104	3184	4680
	OMAHA.................	99.0	87.1	15.2	6.1	8.0	-1.7	2135	3269	4887
	COLUMBUS..............	98.3	80.2	14.4	-1.5	-.8	-.7	1884	3025	4333
	MIAMI.................	83.5	65.7	14.9	4.0	10.3	-6.3	1834	2821	4416
	MEMPHIS...............	83.3	46.7	25.4	9.0	7.6	1.4	1650	2793	4303
	SAN ANTONIO...........	80.0	68.1	11.3	23.7	20.2	3.4	1426	2421	3401
	SEATTLE...............	79.1	87.7	-4.7	-7.5	-7.9	.3	2522	4352	5800
	DENVER................	78.9	79.2	4.2	-8.0	-6.1	-1.9	2272	3534	5585

Table 1 (Continued): Changes In Urban Conditions, 1960-1977

Quintiles, 1960 Urban Conditions Index	City	Urban Conditions Index* 1960 (1)	Urban Conditions Index* 1970 (2)	Percent Population Change (1960 Base Year) 1960 to 1970 (3)	1970 to 1977 (4)	1970 to 1975 (5)	1975 to 1977 (6)	Per Capita Income 1959 (7)	1969 (8)	1974 (9)
IV	OKLAHOMA CITY........	71.4	56.6	13.1	1.6	-.3	1.8	1980	3236	4731
	ATLANTA..............	70.7	67.0	2.0	-16.5	-12.5	-4.0	1932	3156	4527
	NORFOLK..............	65.1	77.0	1.0	-8.5	-7.0	-1.6	1719	2792	4233
	FORT WORTH...........	64.5	53.2	10.4	-7.1	-9.9	2.7	1945	3236	4527
	BATON ROUGE..........	61.1	47.5	8.9	93.3	84.3	9.0	1850	2846	4187
	LOS ANGELES..........	57.9	51.1	13.6	-2.2	-3.6	1.4	2624	3951	5277
	AUSTIN...............	57.3	29.7	35.0	38.3	26.4	11.8	1653	2598	4379
	SACRAMENTO...........	56.7	43.9	32.7	5.3	3.4	1.9	2468	3383	4765
	TULSA................	53.6	41.6	26.8	1.0	-.0	1.0	2293	3492	6473
	WICHITA..............	51.9	58.3	8.6	-3.4	-4.6	1.2	2077	3259	4951
V	CHARLOTTE............	51.0	35.1	19.7	27.0	19.9	7.1	1970	3272	4926
	LONG BEACH...........	50.4	54.5	4.2	-6.4	-6.7	.3	2458	3760	5652
	EL PASO..............	44.2	58.0	16.5	26.4	22.9	3.5	1576	2390	3479
	TAMPA................	43.6	72.5	1.0	-4.7	.9	-5.6	1720	2779	4362
	HOUSTON..............	40.2	27.7	31.4	29.2	10.1	17.1	2062	3583	5110
	DALLAS...............	39.8	28.1	24.2	.0	-4.6	4.7	2217	3697	5285
	SAN DIEGO............	33.8	36.1	21.5	18.0	13.5	4.5	2301	3517	5016
	SAN JOSE.............	27.7	13.3	118.7	67.0	53.5	13.6	2204	3394	4972
	ALBUQUERQUE..........	18.6	23.9	21.2	23.6	17.7	5.9	2107	3091	4544
	PHOENIX..............	9.8	18.5	32.4	23.4	18.9	4.5	2013	3253	4719
	TUCSON...............	8.6	26.2	23.5	18.0	15.7	2.2	1879	2980	4365
	AVERAGE FOR CITIES...	100.0	100.0	7.9	1.9	1.3	0.6	2033	3185	4635

Table 1

Sources: Population and Per Capita Income, 1975: Office of Revenue Sharing, EP 10 Tape. Population 1977: Office of Revenue Sharing; Initial State & Local Data Elements: Entitlement Period 11. Housing: U.S. Bureau of the Census, U.S. Census of Housing, Volume I: States and Small Areas, 1960 and 1970.

a. The 1970 index is computed from the following formula:

$$\frac{\dfrac{\text{Mean per capita income 1970}}{\text{Per capita income 1970}} \times \dfrac{\text{Percent pre-1940 housing in 1970}}{\text{Mean percent pre-1940 housing in 1970}}}{\dfrac{100 + \text{rate of population change 1960-70}}{100 + \text{median rate of population change 1960-70}}}$$

b. The 1960 index is computed from the same formula as the 1970 index using 1960 data. Population change was measured from 1950 to 1960.

Trends in Urban Conditions

In an earlier paper, we presented evidence on changes in the concentration of urban problem conditions and economic growth over the 1960's for approximately sixty of the nation's largest cities._/

_/See Richard P. Nathan and James W. Fossett, "Urban Conditions--The Future of the Federal Role" (1978) Proceedings of the 71st Annual Convention of the National Tax Association-Tax Institute of America (Columbus, 1979), p. 30-41.

In this paper, we examine more recent evidence on social and economic trends in this same set of cities in the 1970s to see whether the relative severity of urban problems or the level of relative economic growth have changed.

Much of our earlier work has measured the level of urban hardship by the concentration of three variables--city age (as indicated by the amount of older housing), population loss, and the concentration of poverty. The first two columns of Table 1 combine these factors into "urban conditions indexes" for 1960 and 1970 for fifty-three of the fifty-seven largest cities in the country. Per capita income has been substituted for percentage of population in poverty in both years. Both indexes have been standardized to a mean of 100._/ Cities with index scores above 100 are "worse off" -- more distressed -- than cities with lower scores.

_/A number of objections have been lodged against this index, which was initially developed by our colleague Paul R. Dommel. First, it has been argued that the use of per capita income understates the spread between rich and poor cities relative to other measures such as the percentage of the population below the poverty level. It has also been argued that figures fail to reflect regional variations in the cost of living, and should be adjusted for price differences between cities. We agree with both these objections in principle, but lack the information to accommodate them. There are no data available on how many poor people lived in individual cities in 1960 or on price levels in all the cities surveyed here over the past twenty years. A further objection has been lodged against the use of older housing, on the ground that this figure doesn't reflect levels of housing rehabilitation and is hence implicitly biased towards new construction as a measure of city health. This objection is, in our view, misguided. The fraction of older housing is intended as a proxy for the age of city capital stock, which includes such items as streets and sewers, rather than a measure of the conditions of a city's housing. Cities with high fractions of older housing might be expected to also have an older capital stock.

Two general points suggest themselves. First, there is a substantial correlation (.96) between indexes in these two years; cities with problems in 1960, as measured by this index, continued to have them through 1970. All of the twenty-five cities with index scores above the mean in 1960 had scores above the mean in 1970, and all the cities with index scores below the 1960 mean had similar scores in 1970.

More importantly, there was an increasing disparity in the concentration of urban problems over the 1960's. Of the twenty-five cities with index scores above the mean in 1960, sixteen had become even more distressed as measured by this index in 1970. By contrast, of the twenty-eight cities with scores below 100 in 1960, seventeen improved their relative position by 1970. The most distressed cities in 1960, according to this index, lost an average of 10 percent of their population between 1960 and 1970, while the populations of the least distressed cities grew, on average, by almost 30 percent over this same period. Similarly, per capita income in the most distressed cities grew at a slower rate during the 1960s than it did in more prosperous cities, with the result that the income gap between more and less prosperous cities increased. Quite literally, over this period, the rich got richer and the poor got poorer.

Although the final verdict still is not in, the available evidence suggests that this gap between rich and poor cities has increased substantially during the seventies, particularly during the first half of the decade. Columns 3 to 6 of Table 1 present information on changes in population between 1960 and 1977 in these cities. To make comparison easier, all these figures are expressed as changes from 1960 population.

Table 2 presents population change between 1960 and 1977 as a percentage of 1960 population for each quintile of the 1960 urban conditions index, arranged from most to least distressed. These figures suggest that cities classified as more distressed in 1960 lost a larger share of their 1960 population between 1970 and 1977 than they did over the sixties, while more prosperous cities grew at roughly the same rate as they had earlier. Cities falling in the top (most distressed) quintile of the urban conditions index in 1960 lost an average of 10.1 percent

Table 2. Average Population Change: 1960-1977, as Percentage of 1960 Population, by Quintile on 1960 Urban Conditions Index

Quintile, 1960 Urban Conditions Index a	Average Percentage Population Change (1960 Base)			
	1960-1970	1970-1977	1970-1975	1975-1977
1	-10.1	-12.2	- 9.4	- 2.7
2	- 1.1	- 8.9	- 6.9	- 2.0
3	7.7	0.9	1.1	- 0.1
4	15.2	10.2	7.6	2.5
5	28.6	20.2	14.7	5.4
All cities	7.9	1.9	1.3	0.6

NOTES

a. First quintile (most distressed): St. Louis, Boston, Newark, Buffalo, Pittsburgh, Cleveland, Philadelphia, Rochester, Detroit, Cincinnati, Minneapolis.

b. Second quintile: Baltimore, Birmingham, Toledo, Louisville, Chicago, New Orleans, St. Paul, New York City, Kansas City, Oakland, Akron.

c. Third quintile: Portland, San Francisco, Milwaukee, Omaha, Columbus, Miami, Memphis, San Antonio, Seattle, Denver.

d. Fourth quintile: Oklahoma City, Atlanta, Norfolk, Fort Worth, Baton Rouge, Los Angeles, Austin, Sacramento, Tulsa, Wichita.

e. Fifth quintile (least distressed): Charlotte, Long Beach, El Paso, Tampa, Houston, Dallas, San Diego, San Jose, Albuquerque, Phoenix, Tucson.

of their 1960 population between 1960 and 1970. Between 1970 and 1977, they lost, on the average, an additional 12.2 percent of their 1960 populations. Cities in the bottom (least distressed) quintile of the 1960 index, whose populations had increased an average of 28.6 percent between 1960 and 1970, experienced a further average increase of over 20 percent of their 1960 populations between 1970 and 1977. In short, at least in the aggregate, the rate of population loss in more distressed cities over the seventies got worse, not better.

This disparity in growth narrowed slightly between 1975 and 1977, the most recent period for which data are available Cities classified as more distressed in 1960 lost an annual average of 1.37 percent of their 1960 populations between 1975 and 1977, a slight decline from the 1970-1975 period, when they lost an average of 1.89 percent of 1960 population. Cities in the second quintile of the urban conditions index in 1960 lost an annual average of just under 1 percent of 1960 population between 1975 and 1977, an improvement from 1970-1975, when the annual population loss averaged 1 4 percent.

While the more distressed cities were losing population at a slower rate the more prosperous cities were gaining it at a slower rate during this period; they showed a drop in the rate of growth of about onequarter of a percent of 1960 population a year. In short, the disparity in population growth between more and less prosperous cities declined between 1975 and 1977 by almost 20 percent, from an annual average of almost 5 percent of 1960 population between 1970 and 1975 to slightly over 4 percent.

Many inferences have been drawn from these figures. Some observers have argued that the reduction in the rate of population decline in distressed cities is itself a favorable sign, signalling a reduction in outmigration rates stemming from declines in marriages and childbearing. Others have argued that the critical variable in assessing trends in urban demography is no longer change in the numbers of people, but rather change in the number of households, which is reported to be increasing in many cities. For both these arguments, the conclusion is optimistic: In spite of the loss of population, the number of households seeking accommodations has stayed level or increased. As a result, both city housing markets and tax bases may be reviving.

In our view, this scenario may be overly optimistic. First, reports of the demographic rebirth of older cities appear to be premature. The rate of population loss in the more distressed cities does appear to have declined over the mid-1970s, but these cities are still losing population at a faster rate than during the 1960s. Of the twenty-two most distressed cities in 1960, seventeen lost population between 1975 and 1977 at a faster rate than they did between 1960 and 1970. This deterioration was particularly pronounced in several cities that have been labelled by many observers, including us, as possible candidates for revival. Boston, for example, lost an annual average of 0.81 percent of its 1960 population over the sixties; between 1975 and 1977, it lost an average of 1.3 percent per year. This contrast was even more marked in Baltimore, whose annual rate of decline increased by over two percentage points, from 0.35 percent per year the sixties to 2.5 percent between 1975 and 1977. The movement of people out of older cities may have slowed, but it has not stopped.

Second, the increase in the number of households -- which some say is the salvation of older cities -- does not appear to have been large enough, at least to date, to maintain housing demands in more distressed cities. Nationally, the number of households in all 243 central cities increased by 1.8 million, or 6.3 percent, between 1970 and 1977._/ We have no information on changes in this figure for individual cities, and won't have any until reports from the 1980 census are available. It seems likely however, that most of this increase occurred in more prosperous cities, where populations increased by 20 percent over the seventies, and in smaller central cities not included in this study. Many of these smaller cities have experienced population growth over the seventies comparable with the more prosperous cities reported here, and it seems likely that many new households were formed in these places. There is no reason to suspect that the forces producing smaller households are limited to more distressed cities, making it possible, if not likely, that household growth was distributed roughly in the same geographic fashion as population growth. The growth in households in more distressed cities has probably been relatively small, and may not have taken place at all in many cities.

A final reason for skepticism about prospects for residential revival in distressed cities is that if there has been an increase in the number of households in older cities -- and it is worth reemphasizing that we have no information one way or the other on this question -- the limited aggregate data available suggest the

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_/Sternlieb and Hughes, p. 630

source of this increase has not typically been professional couples buying condominiums in Lincoln Park in Chicago or GS-11s moving into group houses in Adams-Morgan in Washington. The household types that have been expanding the most rapidly in both cities and suburban areas have been femaleheaded and nonfamily households, both of which characteristically have lower incomes than more traditional households. In addition, both the absolute numbers and the concentration of individuals with incomes below the poverty level increased in central cities between 1970 and 1977. While we have no evidence for individual cities on this question either, it seems at least a plausible inference that many, if not most, of whatever new households there may be in older cities, are relatively poor._/ While higher income households may in fact be settling in some more distressed cities, there is no evidence as yet to suggest that this movement has been large enough to produce any net improvement.

Trends in Urban Economic Growth, 1958-1977

The prospects for economic revitalization in older, more distressed cities appear no more favorable than those for major residential improvement. Although the disparity in economic growth rates between richer and poorer cities has narrowed slightly over the middle seventies, this narrowing appears to be due to a recovery from an extremely severe economic slump in the late sixties and early seventies, rather than to any nascent revival. Jobs and economic activity

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_/Sternlieb and Hughes, P. 630-631; Shalala, Table 11 are continuing to leave more distressed cities at a substantial rate, albeit slightly slower than that experienced in earlier periods.

Our earlier work has measured economic growth in cities by a "composite economic indicator" This index measures growth in local output in manufacturing, wholesale and retail trade, and services, weighted by employment in each sector, relative to the average change for all cities. Column 1 of Table 6 displays this measure of economic growth over the period 1958 to 1972. Like earlier indexes, this measure has been standardized to a mean of 100, so that cities with slow growth rates have higher scores.

While there are some differences between this measure of economic growth and the measures reported earlier, the overall pattern is very similar. The composite economic indicator is correlated with the 1960 urban conditions index at .77 and with the 1970 index at .80. Not surprisingly, cities with slow rates of economic growth also tended to have lower per capita incomes, larger concentrations of poor people, and higher rates of population loss.

These figures also reinforce the earlier argument that the disparity between rich and poor cities increased over the sixties. Cities with urban conditions index scores in the top (most distressed) quintile of the 1960 index had an average growth rate score between 1958 and 1972 of over 200, suggesting a growth rate of less than half the average for all cities over this period. Cities with 1960 index scores in the second quintile had an average growth score of just over 100, while cities with 1960 index scores in the bottom three quintiles had growth rates above the average over this period.

This disparity in economic growth does not appear to have occurred uniformly over time, but to have been concentrated during the latter part of this fourteen year period. Columns 2 through 4 in Table 4 report composite economic indicator scores for individual cities for each of the three periods defined by the Census of Business. Table 5 combines these scores to report average economic growth rate scores for each quintile of the 1960 urban conditions index for each four to five year period and over the entire fourteen year period.

These figures indicate a convergence in rates of economic growth between more and less prosperous cities between 1958 and 1967, and a major divergence between 1967 and 1972. The average economic indicator scores cities in the top quintile of the urban conditions index, with the exception of Newark, declined between 1958 and 1967, from 140 to 126, indicating a growth rate between 1963 and 1967 closer to the national average in this period than during the earlier period. While more prosperous cities grew at even faster rates over this period, the disparity in economic growth was smaller than that between 1958 and 1963.

The reasons for this convergence are easy to suggest. The period between 1963 and 1967 fell in the middle of the most sustained economic expansion in recent history. The average annual rate of growth in GNP over this period was 4.9 percent, with three of the four years showing growth rates of over 5 percent. By contrast, average annual growth in the 1958-1963 period was only 4.1 percent._/ This relatively high rate of aggregate growth appears to have had a disproportionately favorable impact on the economies of more distressed cities.

By contrast, the disparity in economic growth rates between more and less distressed cities increased substantially between 1967 and

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_/Citation to be provided.

Table 3: Economic Growth [illegible]

Quintiles, 1960 Urban Conditions Index	City	Composite Economic Growth Indicators* 1958 to 1972 (1)	1958 to 1963 (2)	1963 to 1967 (3)	1967 to 1972 (4)	Percent Change Manufacturing Value Added 1972-1976 (5)	Retail Sales 1972-1977 (6)	Wholesale Sales 1972-1977 (7)	Selected Service Receipts 1972-1977 (8)
	ST LOUIS	245.9	140.9	121.2	283.6	37.8	17.5	73.0	12.8
	BOSTON	142.2	130.3	117.2	128.7	15.8	12.5	19.3	37.5
	NEWARK	431.5	150.2	202.9	288.1	18.9	-26.9	34.8	21.9
	BUFFALO	209.1	247.8	116.2	150.4	36.1	11.4	6.0	23.6
	PITTSBURGH	296.8	189.6	126.4	272.0	25.0	33.5	79.6	41.8
I	CLEVELAND	192.7	122.5	153.3	158.7	26.3	17.4	16.6	14.6
	PHILADELPHIA	179.1	152.1	134.2	136.7	16.4	21.0	19.4	26.8
	ROCHESTER	75.4	66.4	61.0	136.2	32.5	5.7	-7.7	34.6
	DETROIT	129.2	84.9	133.4	150.2	24.8	9.0	12.5	-17.3
	CINCINNATI	150.4	130.0	85.9	162.1	63.1	33.6	55.2	55.1
	MINNEAPOLIS	149.8	86.0	179.4	150.9	61.0	25.1	36.8	30.3
	BALTIMORE	126.6	123.9	119.4	114.4	33.3	15.3	19.3	20.9
	BIRMINGHAM	83.7	159.6	87.2	67.9	64.7	36.4	***	23.3
	TOLEDO	65.9	77.4	75.3	77.4	63.4	40.1	72.0	42.9
	LOUISVILLE	82.2	76.8	96.9	92.4	50.7	24.1	***	48.9
	CHICAGO	148.0	134.0	***	***	22.8	19.5	33.2	18.7
II	NEW ORLEANS	90.9	107.9	89.0	94.0	42.7	47.9	24.3	58.9
	ST PAUL	79.4	83.1	80.6	94.2	45.6	33.6	65.5	34.3
	NEW YORK CITY	123.1	98.8	136.0	116.1	3.9	14.7	64.1	8.2
	KANSAS CITY	***	72.8	***	***	30.5	32.9	***	46.0
	OAKLAND	134.8	90.8	184.2	121.3	46.6	30.3	21.3	56.0
	AKRON	100.1	90.7	85.9	116.6	-7.1	48.0	28.3	43.1
	PORTLAND	***	***	***	***	55.3	38.9	***	50.6
	SAN FRANCISCO	103.6	104.1	133.7	90.9	33.3	42.9	48.7	57.4
	MILWAUKEE	144.0	121.5	132.4	119.2	34.0	37.5	50.3	32.4
	OMAHA	57.3	103.3	69.5	57.9	22.0	43.5	24.3	47.9
III	COLUMBUS	57.1	57.6	107.0	59.1	33.8	47.6	106.4	45.3
	MIAMI	65.6	154.9	122.3	45.0	39.2	23.5	***	41.7
	MEMPHIS	41.1	65.7	73.8	44.6	27.4	47.9	***	43.5
	SAN ANTONIO	***	***	75.5	48.3	34.4	68.3	***	57.1
	SEATTLE	121.9	39.9	157.9	105.3	37.2	57.5	73.3	77.7
	DENVER	57.1	84.5	118.0	48.4	***	39.7	72.6	71.7

Table 3 (Continued): Economic Growth Measures, 1958-1977

Quintiles: 1960 Urban Conditions Index	City	Composite Economic Growth Indicators: 1958 to 1972 (1)	1958 to 1963 (2)	1963 to 1967 (3)	1967 to 1972 (4)	Percent Change: Manufacturing Value Added 1972-1977 (5)	Retail Sales 1972-1977 (6)	Wholesale Sales 1972-1977 (7)	Selected Service Receipts 1972-1977 (8)
	OKLAHOMA CITY	###	###	###	###	24.5	61.7	###	69.5
	ATLANTA	51.3	57.1	88.0	61.8	37.2	3.1	###	30.6
	NORFOLK	60.1	65.9	124.6	58.0	52.0	29.9	87.1	32.7
	FORT WORTH	###	168.4	37.3	###	92.8	51.8	###	62.0
IV	BATON ROUGE	33.1	81.8	31.4	57.3	###	70.7	137.2	110.3
	LOS ANGELES	92.4	103.9	86.3	101.7	49.3	49.3	76.3	59.2
	AUSTIN	29.1	59.1	55.5	37.5	###	89.4	###	85.2
	SACRAMENTO	47.1	54.3	72.1	72.1	###	55.7	###	###
	TULSA	37.3	###	###	###	62.4	77.2	###	62.6
	WICHITA	56.1	128.5	###	###	67.6	66.9	97.8	67.6
	CHARLOTTE	39.3	55.4	70.3	47.2	17.1	35.6	53.2	76.2
	LONG BEACH	44.4	157.6	32.3	64.4	-35.3	47.6	###	61.9
	EL PASO	44.9	101.0	61.0	44.6	44.1	71.5	###	78.8
	TAMPA	40.7	68.6	82.1	40.3	27.4	38.4	###	74.5
	HOUSTON	###	60.6	55.1	###	85.5	90.1	###	158.1
V	DALLAS	49.4	64.4	72.3	60.3	52.2	56.1	###	69.2
	SAN DIEGO	67.4	105.3	123.4	49.8	56.2	70.3	89.8	78.9
	SAN JOSE	41.9	46.2	54.6	77.7	49.3	78.2	114.1	93.0
	ALBUQUERQUE	33.8	50.6	###	###	###	75.7	77.2	###
	PHOENIX	20.6	28.7	68.4	32.0	50.5	56.9	69.8	58.2
	TUCSON	26.5	41.1	107.8	29.4	###	57.1	40.0	45.7
	AVERAGE FOR CITIES	100.0	100.0	100.0	100.0	38.1	41.3	51.5	50.8

Table 3

Sources: 1976 Value added: Bureau of Census 1976 Annual Survey of Manufacturing, Table 2. Other 1977 figures: preliminary and final area reports from relevant 1977 Census of Business. All other data: County and City Data Books, 1963, 1967, 1972, 1977.

The composite economic indicator (CEI) is calculated according to the following formula:

$$\text{CEI} = \frac{\text{Average growth, sample cities}}{(\text{PCVAM})*(\text{PMFE})+(\text{PCRS})*(\text{PRSE})+(\text{PCWS})*(\text{PWSE})+(\text{PCSVC})*(\text{PSVCE})}$$

where: PCVAM = percent change in value added by manufacturing, indicated period (e.g., 1958-1963)

PCRS = percent change in retail sales receipts, indicated period

PCWS = percent change in wholesale sales receipts, indicated period

PCSVC = percent change in selected service receipts, indicated period

PMFE, PRSE, PWSE, PSVCE = percentage of sum of employment in manufacturing, retail sales, wholesale sales, and selected services employed in given sector, during the initial year of a given period

It was necessary to adjust the growth figures used to calculate the CEI to eliminate negative numbers. A detailed list of the adjustments made is available from the authors on request.

Table 4. Average Composite Economic Indicator Scores, 1958-1972, by Quintile on 1960 Urban Conditions Index

Quintile, 1960 Urban Conditions Index[a]	Average Composite Economic Indicator 1958-1972	Average Composite Economic Indicator 1958-1963	Average Composite Economic Indicator 1963-1967	Average Composite Economic Indicator 1967-1972
1	200	137	130	187
2	103	101	106	99
3	91	98	110	69
4	51	90	71	65
5	41	71	73	50

SOURCE: See Table 4

[a] Quintiles same as Table 2

1972. The average economic growth scores of cities in the top quintile of the 1960 urban conditions index increased by almost 50 percent, indicating a sharp deterioration in their relative economic performance. By contrast, the average growth scores of cities in the lower four quintiles declined, indicating an improvement in their relative economic position.

This pattern of economic improvement in more distressed cities between 1963 and 1967 and sharp deterioration in the next five years is even more pronounced when we examine employment trends in the four sectors contained in the growth index. Table 6 shows average total employment growth between 1958 and 1972 for the cities in each quintile of the 1960 urban conditions index. Although total employment in all cities grew at respectable rates between 1963 and 1967, the biggest relative improvement occurred in cities classified as most distressed in 1960. These employment gains were wiped out in the succeeding five-year period, when the more distressed cities lost an average of almost 15 percent of 1967 employment. Employment in more prosperous cities, by contrast, continued to expand over this period, in many cases at rates even higher than over the preceding five years.

The reasons for this sharp divergence in economic performance between more and less prosperous cities are difficult to define precisely. Aggregate economic growth over this period was slow relative to the earlier period; annual GNP growth over this period was only about 3 percent a year, and there was a sharp, if relatively short, recession in 1969-1970. Further, some of the cities falling into the top quintile of the 1960 index -- Newark, Detroit, and Cleveland -- were the scenes of major riots. These factors may have accelerated employment movement already under way in these cities to produce this severe deterioration in economic growth and employment.

Table 5. Average Percentage Change in Total Employment in Major Sectors, 1958-1972, by Quintile, 1960 Urban Conditions Index

Quintile, 1960 Urban Conditions Index[a]	Average Percentage Change in Employment 1958-1963	1963-1967	1967-1972	1958-1972
1	- 6.9	4.2	-15.0	-17.3
2	- 3.7	8.4	- 4.0	- 1.1
3	0.5	6.9	10.1	16.3
4	4.6	21.2	16.3	50.4
5	17.5	21.9	23.0	77.4
All Cities	2.4	12.0	4.4	23.5

SOURCE: See Table 4

a. Quintiles same as Table 2.

As of this writing, information is just beginning to be available that allows an assessment of more recent changes. Preliminary area reports from the 1977 Census of Business are now available for most cities for all sectors except manufacturing, and final reports are out for many cities. Although we cannot assess recent changes in detail until all these data are available, we can make some general conclusions about changes over the mid to late seventies. Columns 5-8 of Table 4 provide the information available as of March 1980 on changes since 1972 in retail and wholesale trade, service receipts, and value added by manufacturing. All data are either preliminary or final figures from the relevant 1977 census of business except for the value added figure. Because no reports, either final or preliminary, have yet been issued on value added from the 1977 Census of Manufacturing, we are forced to use 1976 data taken from the Annual Survey of Manufacturing for that year. Table 7 presents average changes in these measures for the quintiles of the 1960 urban conditions index. For purposes of comparison, comparable measures are also displayed for 1967 to 1972.

These figures suggest that the economies of older cities did improve over the middle seventies, but only relative to their earlier depressed performance. The disparity in growth rates between more and less prosperous cities did narrow over this period, particularly in manufacturing and wholesale trade. The disparity in the rate of growth between the fastest and slowest growing sets of cities declined from over 65 percent in the 1967-72 period to less than 25 percent in manufacturing. The gap became narrower in both wholesale and retail trade. The disparity between faster and slower growing cities actually increased in services, but this increase probably reflects an

Table 6. Average Percent Change in Value Added, Sales and Receipts 1967-1972 and 1972-1976/77, by Quintile on 1960 Urban Conditions Index (n's in parentheses)

Quintile, 1960 UCI	Value added by manufacturing			Wholesale sales			Retail sales			Selected service receipts		
	1967-1972 (1)	1972-1976 (2)	1967-1976 (3)	1967-1972 (4)	1972-1977 (5)	1967-1977 (6)	1967-1972 (7)	1972-1977 (8)	1967-1977 (9)	1967-1972 (10)	1972-1977 (11)	1967-1977 (12)
1 (n=11)	2.9	32.2	36.4	.5	31.4	32.4	5.6	14.5	21.3	58.6	25.6	100.8
2 (n=11)	19.4	35.4	62.5	22.2	32.0	57.0	22.4	31.2	60.9	75.6	36.6	144.0
3 (n=10)	43.6	35.2	88.6	41.1	62.6	110.9	38.2	45.4	102.6	101.0	53.4	208.0
4 (n=10)	58.0	55.1	131.6	39.0	99.6	167.2	43.9	55.6	126.3	95.0	64.4	221.9
5 (n=11)	70.3	38.6	115.8	74.7	74.3	213.9	60.4	61.6	160.3	117.1	79.6	286.9
All Cities (n=53)	38.0	38.1	80.8	34.7	51.5	98.0	33.8	41.3	93.3	88.9	50.8	190.0

SOURCES: 1967-1972 data - see notes to table 6.
1976 Manufacturing - Annual Survey of Manufacturing: 1976, table 2
1977 Sales and Receipts: Preliminary and final area report from relevant 1977 Census of Business.

Final figures have been used when available.

expansion of coverage in the 1972 Census of Selected Services, when several new industries were added._/

_/Legal services, dental labs, engineering, architectural and land surveying were added to the 1972 Census of Selected Services. These additions account for approximately 15 percent of 1972 service receipts for most cities. Further coverage changes were made in the 1977 Census of Selected Services. In particular, coverage of tax-exempt establishments has been expanded considerably and will be reported separately from taxable activities. No such distinction was made in the 1972 Census. Since complete data on tax-exempt establishments were not available at the time this article was prepared, no attempt has been made to adjust the 1977 figures for coverage changes. For further information on the comparability question, see the appendexes to U.S. Census of Selected Services: Volume VII: Area Statistics, 1972 and 1977.

Perfunctory examination suggests that the bulk of this "recovery" was purely statistical, reflecting an improvement from a severely depressed base in more distressed cities. As columns 1, 4, and 7 of Table 7 indicate, growth in manufacturing and wholesale and retail trade between 1967 and 1972 was extremely low in the most distressed cities--less than 1 percent in wholesale trade and less then 3 percent in manufacturing. Even without price adjustments, five of the eleven cities in the top quintile of the 1960 index produced less in manufacturing output in 1972 than in 1967. Wholesale sales were lower in 1972 than in 1967 in six cities in this group; 1972 retail sales were below 1967 levels in two cities. By contrast, growth rates in more prosperous cities between 1967 and 1972 were quite substantial. Manufacturing output grew by more than 70 percent in the most prosperous set of cities; wholesale sales expanded by almost 75 percent. The fact that growth rates in manufacturing and wholesale trade in these two sets of cities were closer together in the succeeding five-year period should not be taken as evidence of revitalization, but rather of a reduction in the rate of growth (at least in manufacturing) in more prosperous cities and of a modest recovery from an extremely depressed base in more distressed ones.

A more direct way of putting these figures in perspective is to examine growth in these four sectors between 1967, the time when these cities were the closest together, and 1977. These figures are displayed in columns 3, 6, 9, and 12 of Table 7. The disparity in economic growth between these groups of cities over this period was substantial. Value added increased by just over one-third in the most distressed cities between 1967 and 1976; it more than doubled in the most prosperous ones. Retail and wholesale sales grew by smaller amounts than manufacturing in the most distressed cities and by larger amounts in the most prosperous places. The disparity in service receipts was smaller than in the other sectors, but this may have been the result of a shift in coverage rather than a difference in growth. A resolution of this question will have to await a full set of 1977 figures.

In short, there was some increase in the growth rate in the economies of more distressed cities, but only some. The disparity in growth rates between more and less prosperous cities declined slightly over the middle seventies, but it was still substantial. Retail sales grew, on the average, four times as fast in the most prosperous cities as in the most distressed, and the service receipts in rich cities grew almost three times as fast as in the poor ones. Although these differences are smaller than those of the 1967-1972 period, they can hardly be taken as evidence of commercial revitalization in the more distressed places.

Trends in employment in these four sectors show a similar pattern. We lack employment figures for all four sectors for all the cities under consideration here, but enough information is available on enough cities to provide a reasonably clear picture of changes between 1972 and 1977. Available data are presented in Table 8; data from the preceeding five years are listed for comparative purposes. These figures show a familiar pattern--the rate of decline slowed in the most distressed cities, at least in manufacturing and wholesale trade, as did the rate of growth in more prosperous cities in these same sectors. The rate of growth in employment in retail trade and services in more prosperous cities slowed as well, but the rate of job loss in retail trade and services accelerated or remained about the same in the cities in the top two quintiles of the 1960 index. As with the receipt numbers, we cannot separate out changes in service employment due to shifts in coverage. However, other observers have reported increases in service jobs between 1967 and 1972 in several of the cities classified here as the most distressed controlling for shift in coverage._/

_/Varaiya and Wiseman, p.__

In short, it seems reasonably clear that service employment in more distressed cities increased between 1967 and 1972, and declined in the succeeding five years. Local government employment, which also had been increasing in more distressed cities over the late sixties, may also have declined during this period, even though millions of dollars for public service employment were pumped into cities during this period._/

_/See Richard P. Nathan et.al. Monitoring the Public Service Employment Program: The Second Round (National Commission on Man Power Policy; Washington, 1979), p.11-13 and George E. Paterson "Fiscally Distressed Cities: What is Happening to Them" in Hearings Before Subcommittee on the City of House Committee on Banking Finance and Urban Affairs; July 25, 1978.

Table 7. Average Change in Employment, 1967-1977, For Major Sectors, by Quintile of 1960 Urban Conditions Index (n's in parentheses)

Quintile, 1960 Urban Conditions Index	Manufacturing		Wholesale trade		Retail trade		Selected services		Total employment four sectors	
	1967-1972	1972-1976	1967-1972	1972-1977	1967-1972	1972-1977	1967-1972	1972-1977	1967-1972	1972-1977
1	-22.6	- 9.1	-19.9	-15.4	-11.3	-11.7	15.5	- 4.2	-15.0	- 9.4
2	-11.7	- 9.8	- 7.2	-16.1	- 2.0	- 2.8	22.8	6.0	- 4.0	- 7.3
3	2.4	- 3.8	3.6	2.3	11.4	8.5	37.1	16.6	10.1	N.A.*
4	13.6	0	9.3	N.A.*	13.3	15.9	36.8	23.9	16.3	N.A.*
5	20.3	2.1	19.9	18.6	25.3	21.3	53.6	N.A.*	23.0	N.A.*
All	-13.0	- 4.7	0.3	- 3.7	7.3	6.0	32.6	9.2	4.4	N.A.*

Sources: See Table 6.

*Less than five cases. 1976-77 Employment figures for all four sectors are only available for only seven of the thirtyone cities in bottom three quintiles.

In short, employment declined in the most distressed cities fell between 1972 and 1977 at an annual rate of about 2 percent, compared to declines of 3 percent per year in the preceding five years. This reduction in the rate of job loss, however, was limited to manufacturing and wholesale trade. The rate of job loss in retail trade in the most distressed cities was slightly higher during the middle seventies than it had been during the preceding five years. Employment in services and government, which had been growing over the late sixties and early seventies, declined over this period.

The most optimistic construction that can be placed on these figures is that economic conditions improved slightly in more distressed cities, but only slightly. In these cities, during the mid-seventies rates of economic growth were slightly higher, and rates of job loss in some sectors lower, than earlier. But rates of growth were still lower and rates of job loss higher in these cities than in more prosperous cities.

This disparity was particularly pronounced in retaril trade and services, sectors which many have identified as growth industries in declining cities. Growth in retail trade in the most prosperous cities was almost four times higher than in the most distressed; growth in service receipts was three times higher. Employment in retail trade increased by more than 20 percent in the most prosperous cities; it fell by almost 12 percent in the most distressed ones. Service employment grew at levels ranging from 16 to 24 percent in more prosperous cities; it fell by over 4 percent in the most distressed ones. The gap in economic and employment growth between rich and poor cities may have narrowed slightly over the middle seventies, but still remains substantial.

Reconciling these figures with the visable evidence of increased economic activity in many downtowns is difficult, but several explanations can be advanced. One is that these figures from 1977 are simply too old to capture a recent upturn. A second possible explanation is that the figures reported here are not accurate reflections of the state of affairs in most cities, because in 1977 cities had still not fully recovered from the recession of 1974-75. A third interpretation, which we favor, is that much current downtown activity represents economic gentrification -- the consolidation of existing activity into a relatively few high rent locations, accompanied by continued decline elsewhere.

Choosing between these interpretations or any of several others at this point is largely a matter of faith rather than of evidence. But it is worth noting that an economic revitalization of any consequence in older, more distressed cities since 1977 would require a major reversal of long-term trends of the sort that rarely happens.

This unfavorable picture persists even in the older cities -- Baltimore, Boston, Chicago, and Philadelphia, among others -- that we and other observers have identified as potential candidates for "breaking out" of decline. The rates of population loss in Baltimore and Boston actually accelerated between 1975 and 1977. The rates of income growth in Boston, Chicago, and Philadelphia between 1970 and 1975 were below average for the cities reported here Perhaps more importantly, between 1970 and 1975, transfer income -- social security, unemployment, and welfare payments -- increased in all four of these cities or the counties overlying them at a level substantially above total income. This fact suggests that earned income such as wages and salaries may have grown at an even lower rate_/ than the total income figures suggest.

_/Testimony of Donna Shalala, Subcommittee on Revenue Sharing, Senate Finance Committee, March 13, 1979, Table 11.

Similarly, these cities' economic performance over the middle to late seventies provides little support for hopes of impending revival. Table 9 displays changes in sales, receipts, value added, and employment between 1972 and 1977 for each of these cities; for cities in each of the top two, or most distressed, quintiles of the 1960 urban conditions index; and for the entire set of cities reported here. These figures provide little evidence that these cities are beginning to "break away."

Particular cities do show higher growth rates in particular sectors than other distressed cities. But growth rates in these cities are generally below those for cities in the second quintile of the 1960 index and are without exception substantially below growth rates for the entire set of cities. Baltimore, Chicago, and Philadelphia had higher rates of growth in retail sales than cities in the top quintile of the 1960 index. However, the growth rate in Philadelphia, the highest of the three, was more than ten points below the average for cities in the second quintile and only slightly more than half the growth rate for all 53 cities. The same holds true for service receipts in Boston -- they grew at a rate higher than the average for the most distressed cities, but slower than the average for cities in the second quintile, and at only half the rate of all cities taken together.

Perhaps more importantly, overall rates of job loss in Boston, Baltimore, and Philadelphia were above the average for other distressed places. More detailed figures show that the rates of job loss in retail and service employment were slightly smaller for these cities than for other cities in the first quintile of the 1960 index. In every case

Table 8. Economic Growth in Selected Cities, 1972-1976/7

	Manufacturing Value Added 1972-1976	Retail sales 1972-1977	Wholesale sales 1972-1977	Selected service receipts 1972-1977	Total employment four sectors 1972-1977
Baltimore	33.3	15.3	19.8	20.9	-15.8
Boston	15.8	12.5	19.3	37.5	- 9.9
Chicago	22.8	19.5	33.2	18.7	- 8.2
Philadelphia	10.4	21.0	19.4	26.8	-15.1
Cities in top (most distressed) quintile, 1960 Urban Conditions Index	32.2	14.5	31.4	25.6	- 9.4
Cities in second quintile, 1960 Urban Conditions Index	35.4	31.2	32.0	36.6	- 7.3
Total, 53 cities	38.2	41.3	51.5	50.8	N.A.*

Sources: See Table 6.
*Not reported due to limited number of cases. See note to Table 8.

the rates of employment decline in these four cities were higher than cities in the second quintile and considerably higher than the entire set of cities reported here, in which employment in these two sectors increased substantially.

Chicago, for example, had the smallest rate of retail job loss of the four cities -- 7.6 percent. This rate is considerably lower than the average job loss of the most distressed cities (11.7 percent), but it is almost five points higher than the average for the cities in the second quintile of the 1960 index. Similarly, both Boston and Chicago experienced gains in service employment over this period of 0.4 percent. Although this gain is higher than that experienced by other distressed cities, where average service employment fell by over 4 percent, it is over 5 percent lower than that experienced by the second quintile cities (where service employment grew by an average of almost 6 percent); and considerably below the 10 percent average increase for all 53 cities.

In short, the cities alleged to be on the threshold of economic and demographic recovery show little evidence of having begun this process as of the late seventies. Residential rehabilitation and new commercial developments have sprung up at various locations in these cities. But these activities apparently are still too small to boost the aggregate level of prosperity any of these cities. The overall pattern that emerges from these figures is one of isolated improvements in a few "pockets of plenty," accompanied by continued decline elsewhere.

It might be argued that this scenario is too pessimistic. More recent figures, measured over a shorter time period than five years, might show that things have improved in these places, or at least quit declining. Several of the major developments that are alleged to serve as anchors for future improvement either were not open in 1977 or had not been operating long enough to show any appreciable impact on 1977 sales and receipts. In similar fashion, there have been reports of increasing levels of housing rehabilitation of late in such areas as Queen Village in Philadelphia and Lincoln Park in Chicago. If measured more recently, these cities might look better.

This alternative scenario is not impossible, but in our view it is unlikely. The downward trend in employment and income in these cities is strong enough and the rate of economic growth is small enough that a sharp reversal of direction in less than three years is highly improbable. Even if sales, rents, and employment have increased at particular locations inside these cities, these gains may have been offset by losses elsewhere in the city, resulting in little or no net improvement. Further, as Sternlieb and Hughes have noted, many of the new commercial and office structures support fewer employees for a given amount of floor space than do the older structures they replace, suggesting that employment may have continued to decline even if sales have gone up at particular locations._/ There is, in brief, no reason to suppose that more recent measurements would show that things have gotten much better.

In sum, available evidence provides little cause for optimism about the not-too-distant past of more distressed cities. Over the middle seventies, people, jobs, and wealth continued to move out of these cities and into newer, more prosperous ones. By almost any reasonable measure of the prosperity of places--levels of population,

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_/Sternlieb and Hughes, p. 633-634

income, employment, economic activity, and concentration of low-income households -- more distressed cities were appreciably worse off in the late seventies than they were ten years earlier, and more prosperous cities were appreciably better off. Some areas inside some older cities may be reviving, but these revivals don't affect the overall trend. Available evidence in short, provides no support whatever for the notion that the urban crisis is over, or has moderated to the extent that it is no longer a matter of legitimate governmental concern.

The Quality of Urban Data

Although available data strongly suggest that whatever "revival" has occurred to date has been relatively limited, it would be premature to conclude that nothing of significance is happening in older cities. This uncertainty is due, in large measure, to a lack of current, reliable information from which to judge how widespread signs of "revival" are in any given city and whether reviving areas are increasing or shrinking relative to declining ones. We know relatively little about changes in cities, either recently or historically, and it is unlikely that this situation will improve much. Data published by various federal agencies on city conditions are less comprehensive, statistically softer, collected less frequently, and published longer after collection than information collected for counties and states. The federal statistical system for cities is, in short, woefully deficient in many ways.

Four of these ways are especially important. The first, and perhaps most important, is that the federal government collects and publishes less information less frequently on individual cities than it does on individual countries. This is especially true of economic data--employment, income, establishments, payrolls, and a number of other things. The Bureau of Economic Analysis of the Department of Commerce, for example, reports annual income for counties by both place of work and place of residence, disaggregated by type of income (wages and salaries, transfer income, etc.) and by major industrial group, including federal, state, and local government. By contrast, the only income data available for cities is the per capita money income series developed by the Census Bureau. This information is reported only by place of residence and cannot be disaggregated by either type or source of income. No information is available on how much income is earned in cities by those who work there, the relative size of various types of income, or the importance of various industries as sources of income._/

_/ The BEA and Census use different definitions of what constitutes income, causing their estimates of per-capita income for a particular place to differ. The BEA figure is generally higher, since it includes several varieties of imputed income, such as rent, which are excluded from the Census figure.

This information gap is even larger in the reporting of economic activity. The Census publishes annually, in the County Business Patterns series, information on the numbers of establishments and employees and the size of annual payrolls for twenty-two major industrial categories. Employment by various local governments, which is not covered in this survey, is reported annually for metropolitan county areas in the Local Government Employment in Metropolitan Areas series.

Neither of these series is published for cities. The only systematic sources of information on city economic activity and employment are the censuses of business that we have relied on in the earlier parts of this article. These censuses are conducted every five years rather than annually, and the industry coverage is not as complete. Government employment, which is reported for metropolitan counties to the county area level, is only available for the city government proper and not for any overlying governments such as school districts or the county. While we know, for example, how many employees of local governments work in Maricopa County, Arizona, we do not know how many of them work in Phoenix. In short, the federal government has no idea how many people work in individual cities at any given time, and only makes a partial attempt to find out every five years. Estimates of resident employment are generated regularly as part of the procedure for estimating unemployment statistics, but these figures refer only to the employment of people who live in cities, not work in them.

Relatively little information is collected on city economies between censuses. Information on manufacturing value added and employment is reported yearly in the Annual Survey of Manufacturing for cities with more than 20,000 manufacturing employees. Monthly retail sales data are available for five or so of the largest cities. Department store monthly sales are also reported for approximately fourty cities. Apart from these figures, we know next to nothing about what happens in city economies between censuses.

The upshot of this deficiency is that we know a great deal more, and more frequently. about economic conditions in small, rural counties than we do about comparable conditions in some of the nation's largest cities. The best way to illustrate this is by example. Table 9 displays the most recent data available on population, income, employment, and economic activity for two places: Washington County, Tennessee, a county with approximately 80,000 people located in northeastern Tennessee, and Chicago, the second largest city in the country. As should be obvious, the federal government collects more information more frequently about Washington County than it does about Chicago._/ As of December 1979.

_/A word to the suspicious: neither of these places was chosen because of statistical idiosyncracies that increases the available data for the county and decreases it for the city. If we had chosen to play games with the numbers, we would have chosen one of the numerous large cities, such as Newark, Phoenix, or Buffalo, which are not covered in the monthly retail sales series, and would have picked a metropolitan county so that we could list more recent county area government employment data, to name but two examples. Both of these places were chosen more or less at random.

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aggregate and per capita income were available for 1977 for Washington County, and income information disaggregated several ways was available for 1976. By contrast, the most current income data

Table 9. Population, Income and Business Data: Washington County, Tennessee and Chicago, Illinois

Statistic	Latest Year Available	Washington County	Latest Year Available	Chicago
Population	1978	83,000	1977[2]	3,062,881
Components of population change[1]				
Total change,	1970-77	8,200	NA	
Births		8,600	NA	
Deaths		5,400	NA	
Net migration		5,100	NA	
Income (BEA-place of residence)				
Total	1977[3]	$463m	NA	
per capita	1977	5,5559	NA	
Derivation of personal income by place of residence				
Total labor and proprietors income by place of work	1976[4]	312,854	NA	
Less: personal contributions for social insurance by place of work		17,192	NA	
Net labor and proprietors income by place of work		295,662	NA	
Plus: residence adjustment		1,877	NA	
Net labor and proprietors income by place of residence		297,539	NA	
Plus: dividends, interest & rent[7]		46,933	NA	
Plus: transfer payments		69,854	NA	
Personal income by place of residence		414,326	NA	
Per capita personal income (dollars)		5,094	NA	
Total population (thousands)		81.3	NA	
(BEA-place of work)				
Wage and Salary	1976[4]	$254m	NA	
Other labor	1976	23m	NA	
Proprietors	1976	36m	NA	
farm		8m	NA	
non-farm		28m	NA	
By Industry				
Farm		8,950	NA	
Non-farm		303,904	NA	
Private		243,557	NA	
Ag. Serv., For., Fish., & Other[5]		563	NA	
Mining		0	NA	
Construction		19,841	NA	
Manufacturing		93,967	NA	

Statistic	Latest Year Available	Washington County	Latest Year Available	Chicago
Non-durable goods		35,463	NA	
Durable goods		58,504	NA	
Transportation & public utilities		11,490	NA	
Wholesale trade		23,324	NA	
Retail trade		38,771	NA	
Finance, insurance, and real estate		8,769	NA	
Services		46,832	NA	
Government and government enterprises		60,347	NA	
Federal, civilian		26,621	NA	
Federal, military		1,243	NA	
State and local		32,483	NA	
Income (money income) (Census-place of residence)				
per capita	1975[2]	3,913	1975	$4,984
Business				
Total Employment** (week of March 12)	1977[5]	24,400	NA	
Agricultural services, forestry, fisheries		31	NA	
Mining		(A)	NA	
Contract construction		1,607	NA	
General contractors and operative builders		634	NA	
General building contractors		508	NA	
Operative builders		70	NA	
Heavy construction contractors		50	NA	
Special trade contractors		923	NA	
Plumbing, heating, air conditioning		209	NA	
Electrical work		150	NA	
Masonry, stonework, and plastering		164	NA	
Masonry and other stonework		(B)	NA	
Plastering, drywall and insulation		86	NA	
Carpentering and flooring		(C)	NA	
Carpentering		(C)	NA	
Roofing and sheet metal work		93	NA	
Misc. special trade contractors		(C)	NA	
Structural steel erection		(B)	NA	
Manufacturing		10,046	NA	
Food and kindred products		742	NA	
Preserved fruits and vegetables		(C)	NA	
Canned fruits and vegetables		(C)	NA	
Grain mill products		(B)	NA	
Flour and other grain mill products		(B)	NA	
Bakery products		(E)	NA	
Bread, cake, and related products		(E)	NA	
Beverages		(C)	NA	
Bottled and canned soft drinks		(C)	NA	
Textile mill products		(G)	NA	
Knitting mills		(B)	NA	
Hosiery, nec		(B)	NA	
Yarn and thread mills		(G)	NA	

Business	Latest Year Available	Washington County	Latest Year Available	Chicago
Throwing and winding mills		(G)	NA	
Apparel and other textile products		1,114	NA	
Men's and boys' furnishings		(F)	NA	
Men's and boys' separate trousers		(C)	NA	
Men's and boys' working clothing		(E)	NA	
Women's and misses' outerwear		(E)	NA	
Women's and misses' outerwear, nec		(E)	NA	
Women's and children's undergarments		(C)	NA	
Women's and children's underwear		(C)	NA	
Lumber and wood products		(E)	NA	
Sawmill and planing mills		(C)	NA	
Hardwood dimension and flooring		(C)	NA	
Furniture and fixtures		1,182	NA	
Household furniture		1,182	NA	
Wood household furniture		(F)	NA	
Wood TV and radio cabinets		(E)	NA	
Printing and publishing		263	NA	
Newspapers		(C)	NA	
Chemicals and allied products		(B)	NA	
Rubber and misc. plastics products		(C)	NA	
Fabricated rubber products, nec		(C)	NA	
Stone, clay and glass products		211	NA	
Structural clay products		(C)	NA	
Brick and structural clay tile		(C)	NA	
Concrete, gypsum, and plaster products		(C)	NA	
Concrete products, nec		53	NA	
Primary metal industries		(C)	NA	
Blast furnace and basic steel products		(B)	NA	
Blast furnace and steel mills		(B)	NA	
Nonferrous foundries		(C)	NA	
Nonferrous foundries, nec		(C)	NA	
Fabricated metal products		499	NA	
Cutlery, hand tools, and hardware		286	NA	
Hand and edge tools, nec		286	NA	
Fabricated structural metal products		(C)	NA	
Fabricated structural metal		(C)	NA	
Metal forgings and stampings		(B)	NA	
Automotive stampings		(B)	NA	
Machinery, except electrical		302	NA	
Metalworking machinery		(C)	NA	
Machine tool accessories		(C)	NA	
Misc. machinery, except electrical		(C)	NA	
Machinery, except electrical, nec		(C)	NA	
Electric and electronic equipment		3,014	NA	
Electrical industrial apparatus		(F)	NA	
Industrial controls		(F)	NA	
Household appliances		(G)	NA	
Electric housewares and fans		(F)	NA	
Household appliances, nec		(F)	NA	
Communication equipment		(G)	NA	
Telephone and telegraph apparatus		(G)	NA	
Instruments and related products		(C)	NA	
Medical instruments and supplies		(C)	NA	
Surgical and medical instruments		(C)	NA	

Business	Latest year Available	Washington County	Latest Year Available	Chicago
Miscellaneous manufacturing industries		(C)	NA	
Miscellaneous manufacturers		(C)	NA	
Brooms and brushes		(C)	NA	
Administrative and auxilliary		(C)	NA	
Transportation and other public utilities		929	NA	
Local and interurban passenger transit		60	NA	
Trucking and warehousing		373	NA	
Trucking, local and long distance		(E)	NA	
Communication		419	NA	
Telephone communication		(E)	NA	
Radio and television broadcasting		(B)	NA	
Electric, gas, and sanitary services		(B)	NA	
Gas production and distribution		(B)	NA	
Wholesale trade		1,775	NA	
Wholesale trade--durable goods		792	NA	
Motor vehicles & automotive equipment		118	NA	
Automotive parts and supplies		102	NA	
Furniture and home furnishings		95	NA	
Home furnishings		(B)	NA	
Hardward, plumbing & heating equipment		210	NA	
Hardware		(C)	NA	
Plumbing and hydronic heating supplies		(B)	NA	
Machinery, equipment, and supplies		286	NA	
Construction and mining machinery		61	NA	
Industrial machinery and equipment		75	NA	
Wholesale trade--nondurable goods		963	NA	
Drugs, proprietaries and sundries		(B)	NA	
Groceries and related products		534	NA	
Groceries, general line		(E)	NA	
Dairy products		(B)	NA	
Meats and meat products		52	NA	
Farm-product raw materials		93	NA	
Farm-product raw materials, nec		68	NA	
Petroleum and petroleum products		94	NA	
Petroleum bulk stations & terminals		94	NA	
Beer, wine, and distilled beverages		93	NA	
Beer and ale		93	NA	
Miscellaneous nondurable goods		73	NA	
Retail trade		4,863	(see Retail Trade below)	
Building materials and garden supplies		275	NA	
Lumber and other building materials		157	NA	
General merchandise stores		807	NA	
Department stores		597	NA	
Miscellaneous general merchandise stores		(C)	NA	
Food stores		684	NA	
Grocery stores		648	NA	
Automotive dealers & service stations		876	NA	
New and used car dealers		405	NA	

**Note: A: 0-19; B: 20-99; C: 100-249; E: 250-499; F: 500-999; G: 1,000-2,499; H: 2,500-4,999; I: 5,000-9,999; J: 10,000-24,999; K: 25,000-40,999; L: 50,000-99,999; M: 100,000 or more

Business	Latest Year Available	Washington County	Latest Year Available	Chicago
Used car dealers		58	NA	
Auto and home supply stores		189	NA	
Gasoline service stations		208	NA	
Apparel and economy stores		(E)	NA	
Women's ready-to-wear stores		117	NA	
Shoe stores		63	NA	
Furniture and home furnishings stores		224	NA	
Furniture and home furnishings stores		137	NA	
Furniture stores		109	NA	
Radio, television and music stores		67	NA	
Eating and drinking places		991	NA	
Eating places		867	NA	
Drinking places		63	NA	
Miscellaneous retail		548	NA	
Drug stores and proprietary stores		156	NA	
Liquor stores		100	NA	
Miscellaneous shopping goods stores		156	NA	
Retail stores, nec		77	NA	
Administrative and auxilliary		(C)	NA	
Finance, insurance, and real estate		1,066	NA	
Banking		407	NA	
Commercial and stock savings bank		407	NA	
Credit agencies other than banks		174	NA	
Savings and loan associations		74	NA	
Personal credit institutions		89	NA	
Insurance carriers		181	NA	
Life insurance		160	NA	
Insurance agents, brokers & service		136	NA	
Real estate		131	NA	
Real estate operators and lessors		80	NA	
Services		4,126	NA	(See Service Industries Below)
Hotels and other lodging places		136	NA	
Hotels, motels and tourist courts		(C)	NA	
Personal services		378	NA	
Laundry, cleaning and garment services		88	NA	
Dry cleaning plants except rug		71	NA	
Beauty shops		140	NA	
Funeral service and crematories		53	NA	
Miscellaneous personal services		(B)	NA	
Business services		100	NA	
Services to buildings		57	NA	
Auto repair, services, and garages		190	NA	
Automotive repair shops		155	NA	
General automotive repair shops		52	NA	
Automotive repair shops, nec		83	NA	
Miscellaneous repair services		60	NA	
Amusement and recreation services		140	NA	
Misc. amusement, recreational services		(B)	NA	
Health services		2,138	NA	
Offices of physicians		200	NA	
Offices of dentists		100	NA	
Nursing and personal care facilities		175	NA	

Business	Latest Year Available	Washington County	Latest Year Available	Chicago
Hospitals		1,423	NA	
Medical and dental laboratories		52	NA	
Health, and allied services, nec		(B)	NA	
Legal services		84	NA	
Educational services		72	NA	
Social services		244	NA	
Social services, nec		(C)	NA	
Residential care		(C)	NA	
Membership organizations		363	NA	
Civic and social associations		78	NA	
Religious organizations		186	NA	
Miscellaneous services		128	NA	
Engineering & architectural services		71	NA	
Accounting, auditing & bookkeeping		54	NA	
Nonclassifiable establishments		(B)	NA	
Manufacturing[6]				
Employees	1977	11,700	1976[7]	381,600
Production workers		8,200	NA	245,700
Retail Trade[8] (week of March 12)				
Paid employees	1977	4,795	1977[9]	178,336
Building materials, etc.		283	NA	3,337
General merchandise		800	NA	28,972
Food stores		677	NA	23,096
Automotive dealers		632	NA	7,806
Gasoline service stations		238	NA	7,209
Apparel and acc. stores		315	NA	14,086
Furniture, equipment, etc.		226	NA	5,703
Eating and drinking		1,014	NA	50,109
Drug and proprietary		146	NA	8,395
Miscellaneous retail stores		391	NA	28,147
Service Industries[10] (week of March 12)				
Paid employees	1977	1,271	1977[11]	158,015
Hotels, motels, etc.		188	NA	18,086
Personal services		389	NA	16,062
Business services		162	NA	74,313
Auto. repair, services, etc.		156	NA	8,947
Miscellaneous repair services		80	NA	4,719
Amusement and recreation		105	NA	6,887
Dental		withheld	NA	700
Legal services		84	NA	14,676
Engineering, etc.		withheld	NA	13,623

Business	Latest Year Available	Washington County	Latest Year Available	Chicago
Annual Payroll**	1977^5	$213m	NA	
Agricultural services, forestry, fisheries		186	NA	
Mining		(D)	NA	
Contract construction		16,415	NA	
General contractors and operative builders		5,491	NA	
General building contractors		4,571	NA	
Operative builders		499	NA	
Heavy construction contractors		613	NA	
Special trade contractors		10,311	NA	
Plumbing, heating, air conditioning		1,794	NA	
Electrical work		2,166	NA	
Masonry, stonework, and plastering		1,138	NA	
Masonry and other stonework		(D)	NA	
Plastering, drywall and insulation		631	NA	
Carpentering and flooring		(D)	NA	
Carpentering		(D)	NA	
Roofing and sheet metal work		848	NA	
Misc. special trade contractors		(D)	NA	
Structural steel erection		(D)	NA	
Manufacturing		93,600	NA	
Food and kindred products		8,449	NA	
Preserved fruits and vegetables		(D)	NA	
Canned fruits and vegetables		(D)	NA	
Grain mill products		(D)	NA	
Flour and other grain mill products		(D)	NA	
Bakery products		(D)	NA	
Bread, cake, and related products		(D)	NA	
Beverages		(D)	NA	
Bottled and canned soft drinks		(D)	NA	
Textile mill products		(D)	NA	
Knitting mills		(D)	NA	
Hosiery, nec		(D)	NA	
Yarn and thread mills		(D)	NA	
Throwing and winding mills		(D)	NA	
Apparel and other textile products		7,274	NA	
Men's and boys' furnishings		(D)	NA	
Men's and boys' separate trousers		(D)	NA	
Men's and boys' working clothing		(D)	NA	
Women's and misses' outerwear		(D)	NA	
Women's and misses' outerwear, nec		(D)	NA	
Women's and children's undergarments		(D)	NA	
Women's and children's underwear		(D)	NA	
Lumber and wood products		(D)	NA	
Sawmill and planing mills		(D)	NA	
Hardwood dimension and flooring		(D)	NA	
Furniture and fixtures		8,455	NA	
Household furniture		8,455	NA	
Wood household furniture		(D)	NA	
Wood TV and radio cabinets		(D)	NA	
Printing and publishing		2,062	NA	
Newspapers		(D)	NA	
Chemicals and allied products		(D)	NA	
Rubber and misc. plastics products		(D)	NA	
Fabricated rubber products, nec		(D)	NA	
Stone, clay and glass products		2,109	NA	

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Business	Latest Year Available	Washington County	Latest Year Available	Chicago
Structural clay products		(D)	NA	
Brick and structural clay tile		(D)	NA	
Concrete, gypsum, and plaster products		(D)	NA	
Concrete products, nec		507	NA	
Primary metal industries		(D)	NA	
Blast furnace and basic steel products		(D)	NA	
Blast furnace and steel mills		(D)	NA	
Nonferrous foundries		(D)	NA	
Nonferrous foundries, nec		(D)	NA	
Fabricated metal products		4,606	NA	
Cutlery, hand tools, and hardware		2,465	NA	
Hand and edge tools, nec		2,465	NA	
Fabricated structural metal products		(D)	NA	
Fabricated structural metal		(D)	NA	
Metal forgings and stampings		(D)	NA	
Automotive stampings		(D)	NA	
Machinery, except electrical		3,140	NA	
Metalworking machinery		(D)	NA	
Machine tool accessories		(D)	NA	
Misc. machinery, except electrical		(D)	NA	
Machinery, except electrical, nec		(D)	NA	
Electric and electronic equipment		31,944	NA	
Electrical industrial apparatus		(D)	NA	
Industrial controls		(D)	NA	
Household appliances		(D)	NA	
Electric housewares and fans		(D)	NA	
Household appliances, nec		(D)	NA	
Communication equipment		(D)	NA	
Telephone and telegraph apparatus		(D)	NA	
Instruments and related products		(D)	NA	
Medical instruments and supplies		(D)	NA	
Surgical and medical instruments		(D)	NA	
Miscellaneous manufacturing industries		(D)	NA	
Miscellaneous manufacturers		(D)	NA	
Brooms and brushes		(D)	NA	
Administrative and auxilliary		(D)	NA	
Transportation and other public utilities		10,863	NA	
Local and interurban passenger transit		366	NA	
Trucking and warehousing		5,340	NA	
Trucking, local and long distance		(D)	NA	
Communication		4,446	NA	
Telephone communication		(D)	NA	
Radio and television broadcasting		(D)	NA	
Electric, gas, and sanitary services		(D)	NA	
Gas production and distribution		(D)	NA	
Wholesale trade		18,729	NA	
Wholesale trade--durable goods		8,765	NA	
Motor vehicles & automotive equipment		1,215	NA	
Automotive parts and supplies		1,013	NA	
Furniture and home furnishings		848	NA	
Home furnishings		(D)	NA	
Hardward, plumbing & heating equipment		2,663	NA	
Hardware		(D)	NA	
Plumbing and hydronic heating supplies		(D)	NA	

Business	Latest Year Available	Washington County	Latest Year Available	Chicago
Machinery, equipment, and supplies		3,145	NA	
Construction and mining machinery		823	NA	
Industrial machinery and equipment		655	NA	
Wholesale trade--nondurable goods		9,964	NA	
Drugs, proprietaries and sundries		(D)	NA	
Groceries and related products		5,353	NA	
Groceries, general line		(D)	NA	
Dairy products		(D)	NA	
Meats and meat products		405	NA	
Farm-product raw materials		286	NA	
Farm-product raw materials, nec		188	NA	
Petroleum and petroleum products		1,108	NA	
Petroleum bulk stations & terminals		1,102	NA	
Beer, wine, and distilled beverages		1,450	NA	
Beer and ale		1,450	NA	
Miscellaneous nondurable goods		734	NA	
Retail trade		32,898	NA	
Building materials and garden supplies		2,446	NA	
Lumber and other building materials		1,566	NA	
General merchandise stores		5,503	NA	
Department stores		4,584	NA	
Miscellaneous general merchandise stores		(D)	NA	
Food stores		4,294	NA	
Grocery stores		4,149	NA	
Automotive dealers & service stations		9,255	NA	
New and used car dealers		4,792	NA	
Used car dealers		642	NA	
Auto and home supply stores		1,702	NA	
Gasoline service stations		1,039	NA	
Apparel and economy stores		(D)	NA	
Women's ready-to-wear stores		594	NA	
Shoe stores		361	NA	
Furniture and home furnishings stores		1,609	NA	
Furniture and home furnishings stores		1,138	NA	
Furniture stores		910	NA	
Radio, television and music stores		384	NA	
Eating and drinking places		4,671	NA	
Eating places		4,211	NA	
Drinking places		339	NA	
Miscellaneous retail		3,069	NA	
Drug stores and proprietary stores		972	NA	
Liquor stores		643	NA	
Miscellaneous shopping goods stores		851	NA	
Retail stores, nec		261	NA	
Administrative and auxilliary		(D)	NA	
Finance, insurance, and real estate		9,930	NA	
Banking		3,311	NA	

**Note A: 0-19; B: 20-99; C: 100-249; E: 250-499; F: 500-999; G: 1,000-2,499;
H: 2,500-4,999; I: 5,000-9,999; J: 10,000-24,999; K: 25,000-40,999;
L: 50,000-99,999; M: 100,000 or more

Business	Latest Year Available	Washington County	Latest Year Available	Chicago
Commercial and stock savings bank		3,311	NA	
Credit agencies other than banks		1,894	NA	
Savings and loan associations		829	NA	
Personal credit institutions		965	NA	
Insurance carriers		2,181	NA	
Life insurance		2,065	NA	
Insurance agents, brokers & service		1,344	NA	
Real estate		717	NA	
Real estate operators and lessors		411	NA	
Services		30,206	NA	(See Service Industries Below)
Hotels and other lodging places		671	NA	
Hotels, motels and tourist courts		(D)	NA	
Personal services		1,855	NA	
Laundry, cleaning and garment services		368	NA	
Dry cleaning plants except rug		295	NA	
Beauty shops		715	NA	
Funeral service and crematories		400	NA	
Miscellaneous personal services		(D)	NA	
Business services		1,053	NA	
Services to buildings		402	NA	
Auto repair, services, and garages		1,436	NA	
Automotive repair shops		1,316	NA	
General automotive repair shops		319	NA	
Automotive repair shops, nec		638	NA	
Miscellaneous repair services		566	NA	
Amusement and recreation services		683	NA	
Misc. amusement, recreational services		(D)	NA	
Health services		18,582	NA	
Offices of physicians		4,574	NA	
Offices of dentists		1,038	NA	
Nursing and personal care facilities		1,063	NA	
Hospitals		10,864	NA	
Medical and dental laboratories		446	NA	
Health, and allied services, nec		(D)	NA	
Legal services		639	NA	
Educational services		516	NA	
Social services		1,077	NA	
Social services, nec		(D)	NA	
Residential care		(D)	NA	
Membership organizations		1,612	NA	
Civic and social associations		510	NA	
Religious organizations		712	NA	
Miscellaneous services		1,391	NA	
Engineering & architectural services		976	NA	
Accounting, auditing & bookkeeping		404	NA	
Nonclassifiable establishments		(D)	NA	

Business	Latest Year Available	Washington County	Latest Year Available	Chicago
Manufacturing[6] (millions of dollars)				
Payroll	1977	109.9	1976[7]	5,154
Production wages		61.9	NA	2,695
Retail Trade[8] (millions of dollars)				
Payroll	1977	31.5	1977[9]	1,292
Building materials, etc.		2.3	NA	22.5
General merchandise		5.7	NA	193.9
Food stores		4.2	NA	193.1
Automotive dealers		7.0	NA	112.2
Gas. service stations		1.2	NA	40.5
Apparel and acc. stores		1.7	NA	106.3
Furniture, equipment, etc.		1.7	NA	61.5
Eating and drinking		4.6	NA	238.2
Drug and proprietary		1.0	NA	54.7
Miscellaneous retail stores		2.2	NA	256.3
Service Industries[10] (millions of dollars)				
Payroll	1977	8.2	1977[11]	1,813
Hotels, motels, etc.		.9	NA	120.6
Personal services		1.9	NA	166.9
Business services		1.1	NA	816.0
Auto. repair, services, etc.		1.2	NA	91.0
Miscellaneous repair services		.6	NA	60.0
Amusement and recreation		.4	NA	73.4
Dental		withheld	NA	7.5
Legal services		.8	NA	254.0
Engineering, etc.		withheld	NA	273.4
Number of Establishments	1977[5]	1,639	NA	
Agricultural services, forestry, fisheries		12	NA	
Mining		1	NA	
Contract construction		220	NA	
General contractors and operative builders		76	NA	
General building contractors		44	NA	
Operative builders		12	NA	
Heavy construction contractors		10	NA	
Special trade contractors		134	NA	
Plumbing, heating, air conditioning		28	NA	
Electrical work		18	NA	
Masonry, stonework, and plastering		34	NA	
Masonry and other stonework		22	NA	
Plastering, drywall and insulation		9	NA	
Carpentering and flooring		11	NA	
Carpentering		9	NA	
Roofing and sheet metal work		11	NA	
Misc. special trade contractors		11	NA	
Structural steel erection		1	NA	

Business	Latest Year Available	Washington County	Latest Year Available	Chicago
Manufacturing		103	NA	
Food and kindred products		13	NA	
Preserved fruits and vegetables		1	NA	
Canned fruits and vegetables		1	NA	
Grain mill products		2	NA	
Flour and other grain mill products		1	NA	
Bakery products		2	NA	
Bread, cake, and related products		2	NA	
Beverages		3	NA	
Bottled and canned soft drinks		3	NA	
Textile mill products		4	NA	
Knitting mills		1	NA	
Hosiery, nec		1	NA	
Yarn and thread mills		2	NA	
Throwing and winding mills		2	NA	
Apparel and other textile products		7	NA	
Men's and boys' furnishings		3	NA	
Men's and boys' separate trousers		1	NA	
Men's and boys' working clothing		2	NA	
Women's and misses' outerwear		1	NA	
Women's and misses' outerwear, nec		1	NA	
Women's and children's undergarments		1	NA	
Women's and children's underwear		1	NA	
Lumber and wood products		11	NA	
Sawmill and planing mills		5	NA	
Hardwood dimension and flooring		1	NA	
Furniture and fixtures		7	NA	
Household furniture		7	NA	
Wood household furniture		2	NA	
Wood TV and radio cabinets		1	NA	
Printing and publishing		10	NA	
Newspapers		2	NA	
Chemicals and allied products		3	NA	
Rubber and misc. plastics products		4	NA	
Fabricated rubber products, nec		2	NA	
Stone, clay and glass products		8	NA	
Structural clay products		1	NA	
Brick and structural clay tile		1	NA	
Concrete, gypsum, and plaster products		6	NA	
Concrete products, nec		3	NA	
Primary metal industries		2	NA	
Blast furnace and basic steel products		1	NA	
Blast furnace and steel mills		1	NA	
Nonferrous foundries		1	NA	
Nonferrous foundries, nec		1	NA	
Fabricated metal products		9	NA	
Cutlery, hand tools, and hardware		3	NA	
Hand and edge tools, nec		3	NA	
Fabricated structural metal products		2	NA	
Fabricated structural metal		1	NA	
Metal forgings and stampings		2	NA	
Automotive stampings		1	NA	
Machinery, except electrical		7	NA	
Metalworking machinery		2	NA	

Business	Latest Year Available	Washington County	Latest Year Available	Chicago
Machine tool accessories		1	NA	
Misc. machinery, except electrical		4	NA	
Machinery, except electrical, nec		4	NA	
Electric and electronic equipment		6	NA	
Electrical industrial apparatus		1	NA	
Industrial controls		1	NA	
Household appliances		3	NA	
Electric housewares and fans		2	NA	
Household appliances, nec		1	NA	
Communication equipment		1	NA	
Telephone and telegraph apparatus		1	NA	
Instruments and related products		3	NA	
Medical instruments and supplies		2	NA	
Surgical and medical instruments		2	NA	
Miscellaneous manufacturing industries		4	NA	
Miscellaneous manufacturers		3	NA	
Brooms and brushes		1	NA	
Administrative and auxilliary		3	NA	
Transportation and other public utilities		43	NA	
Local and interurban passenger transit		3	NA	
Trucking and warehousing		28	NA	
Trucking, local and long distance		26	NA	
Communication		7	NA	
Telephone communication		3	NA	
Radio and television broadcasting		2	NA	
Electric, gas, and sanitary services		3	NA	
Gas production and distribution		1	NA	
Wholesale trade		136	NA	
Wholesale trade--durable goods		79	NA	
Motor vehicles & automotive equipment		16	NA	
Automotive parts and supplies		11	NA	
Furniture and home furnishings		7	NA	
Home furnishings		3	NA	
Hardward, plumbing & heating equipment		7	NA	
Hardware		2	NA	
Plumbing and hydronic heating supplies		2	NA	
Machinery, equipment, and supplies		33	NA	
Construction and mining machinery		4	NA	
Industrial machinery and equipment		4	NA	
Wholesale trade--nondurable goods		59	NA	
Drugs, proprietaries and sundries		2	NA	
Groceries and related products		19	NA	
Groceries, general line		5	NA	
Dairy products		3	NA	
Meats and meat products		6	NA	
Farm-product raw materials		8	NA	
Farm-product raw materials, nec		5	NA	
Petroleum and petroleum products		10	NA	
Petroleum bulk stations & terminals		9	NA	
Beer, wine, and distilled beverages		5	NA	
Beer and ale		5	NA	
Miscellaneous nondurable goods		8	NA	
Retail trade		482	NA	
Building materials and garden supplies		27	NA	
Lumber and other building materials		11	NA	

Business	Latest Year Available	Washington County	Latest Year Available	Chicago
General merchandise stores		16	NA	
Department stores		6	NA	
Miscellaneous general merchandise stores		5	NA	
Food stores		58	NA	
Grocery stores		51	NA	
Automotive dealers & service stations		100	NA	
New and used car dealers		13	NA	
			NA	
Used car dealers		12	NA	
Auto and home supply stores		13	NA	
Gasoline service stations		57	NA	
Apparel and economy stores		44	NA	
Women's ready-to-wear stores		14	NA	
Shoe stores		13	NA	
Furniture and home furnishings stores		37	NA	
Furniture and home furnishings stores		21	NA	
Furniture stores		15	NA	
Radio, television and music stores		10	NA	
Eating and drinking places		88	NA	
Eating places		72	NA	
Drinking places		13	NA	
Miscellaneous retail		104	NA	
Drug stores and proprietary stores		16	NA	
Liquor stores		21	NA	
Miscellaneous shopping goods stores		32	NA	
Retail stores, nec		24	NA	
Administrative and auxilliary		8	NA	
Finance, insurance, and real estate		182	NA	
Banking		27	NA	
Commercial and stock savings bank		27	NA	
Credit agencies other than banks		28	NA	
Savings and loan associations		5	NA	
Personal credit institutions		21	NA	
Insurance carriers		17	NA	
Life insurance		14	NA	
Insurance agents, brokers & service		39	NA	
Real estate		57	NA	
Real estate operators and lessors		42	NA	
Services		440	NA	(See Service Industries Below)
Hotels and other lodging places		7	NA	
Hotels, motels and tourist courts		6	NA	
Personal services		77	NA	
Laundry, cleaning and garment services		19	NA	
Dry cleaning plants except rug		9	NA	
Beauty shops		41	NA	
Funeral service and crematories		6	NA	
Miscellaneous personal services		4	NA	
Business services		28	NA	
Services to buildings		7	NA	
Auto repair, services, and garages		40	NA	
Automotive repair shops		34	NA	
General automotive repair shops		14	NA	
Automotive repair shops, nec		11	NA	
Miscellaneous repair services		21	NA	

Business	Latest Year Available	Washington County	Latest Year Available	Chicago
Amusement and recreation services		18	NA	
Misc. amusement, recreational services		6	NA	
Health services		103	NA	
Offices of physicians		46	NA	
Offices of dentists		33	NA	
Nursing and personal care facilities		5	NA	
Hospitals		4	NA	
Medical and dental laboratories		4	NA	
Health, and allied services, nec		3	NA	
Legal services		33	NA	
Educational services		6	NA	
Social services		12	NA	
Social services, nec		10	NA	
Residential care		2	NA	
Membership organizations		64	NA	
Civic and social associations		13	NA	
Religious organizations		27	NA	
Miscellaneous services		26	NA	
Engineering & architectural services		16	NA	
Accounting, auditing & bookkeeping		11	NA	
Nonclassifiable establishments		18	NA	
Manufacturing[6]				
Establishments	1977	113	NA	
Retail Trade[8]				
Establishments	1977	738	1977[9]	20,256
Sole proprietorships		425	NA	10,418
Partnerships		35	NA	1,617
Establishments with payroll		491	NA	13,502
Building materials, etc.		31	NA	386
General merchandise		14	NA	286
Food stores		56	NA	1,625
Automotive dealers		43	NA	462
Gas. service stations		66	NA	1,095
Apparel and acc. stores		45	NA	1,509
Furniture, equipment etc.		41	NA	798
Eating and drinking		89	NA	4,145
Drug and proprietary		15	NA	800
Misc. retail stores		89	NA	2,418
Service Industries[10]				
Establishments	1977	583	1977[11]	24,834
Sole proprietorships		442	NA	16,665
Partnerships		49	NA	2,033
Establishments with payroll		254	NA	10,738
Hotels, motels, etc.		7	NA	224
Personal services		78	NA	1,959
Business services		32	NA	3,501
Auto. repair, services, etc.		38	NA	1,226
Misc. repair services		23	NA	564
Amusement and recreation		22	NA	577
Dental		3	NA	96
Legal services		33	NA	2,194
Engineering, etc.		18	NA	397

Business	Latest Year Available	Washington County	Latest Year Available	Chicago
Manufacturing Data[6] (millions of dollars & hours) (general)				
Man-hours	1977	15.4	1976[7]	475.1
Value added		$243.9	NA	$9,863
Cost of materials		244.8	NA	11,302
Value of shipments		488.7	NA	21,121
New capital expenditures		12.8	NA	459,000
End-of-year inventories	1976[7]	62	NA	2,745
Sales Data (millions of dollars)				
Retail Trade[8]				
Receipts (all estab)	1977	281.0	1979[12]	10,413
Building materials, etc.		28.4	1977[9]	231.3
General merchandise		37.8	1979[12]	2,658
Food stores		53.4	NA	1,755
Automotive dealers		70.9	NA	1,216
Gas. service stations		19.0	NA	542.9
Apparel and acc. stores		13.0	NA	672.9
Furniture, equipment, etc.		13.4	NA	440.1
Eating and drinking		18.4	NA	1,018
Drug and proprietary		6.7	NA	392.3
Misc. reatil stores		19.9	NA	1,561
Service Industries[10]				
Receipts (all estab)	1977	29.1	1977[11]	5,121
Hotels, motels, etc.		3.5	NA	369.0
Personal services		5.6	NA	368.0
Business services		3.4	NA	2,018
Auto. repair, services, etc.		5.7	NA	392.8
Misc. repair services		2.3	NA	178.1
Amusement and recreation		withheld		347.9
Dental		withheld		18.7
Legal services		3.3	NA	881.6
Engineering, etc.		2.3	NA	547.1

Notes to Table 10

General note: Table 10 presents the most current data available on a regular basis from the federal statistical system for the four areas of population, income, business and employment. Decennial census material from 1970, because of its age, is excluded. Also excluded are the various state and private sources of local area statistics which, while useful in specific instances, are dissimilar in method, making comparative analysis between localities and sources impossible. Data are current as of December 1979.

1. Current Population Reports. Federal-State Cooperative Program for Population Estimates. Estimates of the Population of Tennessee Counties and Metropolitan Areas, July 1, 1977 (Revised) and 1978 (Provisional). August 1979. (Commerce-Bureau of the Census)
2. General Revenue Sharing Initial State and Local Data Elements Entitlement Period 11. August 1979. (Treasury-Office of Revenue Sharing)
3. Survey of Current Business. April 1979. (Commerce-Bureau of Economic Analysis)
4. Local Area Personal Income, 1971-1976. August 1978. (Commerce-Bureau of Economic Analysis)
5. County Business Patterns. June 1979. (Commerce-Bureau of the Census)
6. 1977 Census of Manufactures (Preliminary Report). Geographic Area Series. Oct. 1979. (Commerce-Bureau of the Census)
7. Annual Survey of Manufactures. Statistics for States, Standard Metropolitan Statistical Areas, Large Industrial Counties and Selected Cities. February 1978. (Commerce-Bureau of the Census)
8. 1977 Census of Retail Trade. Geographic Area Series. Tennessee. August 1979. (Commerce-Bureau of the Census)
9. 1977 Census of Retail Trade. Geographic Area Series. Illinois. June 1979. (Commerce-Bureau of the Census)
10. 1977 Census of Service Industries. Geographic Area Series. Tennessee. Jan. 1980. (Commerce-Bureau of the Census)
11. 1977 Census of Service Industries. Geographic Area Series. Illinois. Jan. 1980. (Commerce-Bureau of the Census)
12. Current Business Reports. Monthly Retail Trade. Feb. 1980. (Commerce-Bureau of the Census)

available for Chicago was the money income figure from the 1975 census of business. Similarly, 1978 population data were available for Washington County; the latest population figure for Chicago was for 1977. Finally a great deal of information on 1977 employment, establishments, and payrolls was available for the county but not for the city when these figures were gathered. Although some of these figures will become available for Chicago when the full reports from the 1977 censuses of business are released, it is worth noting that the 1977 county figures have been out, as of this writing, for almost a year; and 1978 figures will begin to be available in the spring of 1980. The next installment of information on Chicago's economic conditions, with the exceptions noted above, won't be available until results from the 1982 census of business are released.

In summary, we know a great deal less about city economies than we do about the counties that contain them and about rural counties. Further, data are collected at less frequent intervals for cities than for counties. The only set of cities for which we have information comparable to that available for counties are those dozen or so cities that through political or legal idiosyncracies have also been recognized as counties by the Census Bureau.

The second conclusion that can be drawn about the relative merits of city and county data is that many of the city numbers are softer than comparable county data. The procedures by which they are constructed rely more heavily on imputations, interpolations, and prorationing techniques of various sorts than do the procedures by which comparable county figures are constructed. Many of the data elements required to construct the figures of interest to students of city conditions are available for counties, but not for cities. Accordingly, city figures must be estimated from county data rather than being measured directly. In many cases this estimation is done on the basis of dicennial census relationships, which means that splits between a city and the balance of a county are made on the basis of relationships that may be as much as ten years old. We attempt no judgment on the extent or direction of the bias introduced by this sort of procedure; but it seems reasonable that data developed without the use of these sorts of techniques are preferable to those that require them.

This argument is best made by example. County population estimates are averages of three separate methods. All three rely on vital statistics--records of births and deaths--which, to the best of our knowledge, are universally available for counties. A variety of different information is used to estimate net migration. The resulting estimates are "hard" enough to produce not only estimates of total population, but also estimates of population change components -- births, deaths, migrations -- that are published with the population figures.

By contrast, city population is estimated by a single procedure that relies less heavily on city-specific data. Because vital statistics are not generally available for cities, county births and deaths must be prorated down to individual cities, using relationships derived from the 1970 census. Net migration is estimated using only one of the sources available for counties--a series of tabulations from IRS data derived from individual tax returns. Estimates of the components of population change are not published for cities.

Similar procedures, again relying on benchmarks from the 1970 census, are used to estimate residential employment and unemployment in cities. The entire set of procedures used to calculate these rates has come under considerable attack of late._/ We do not wish to join this onslaught except to note that, with the exception of a relatively few cities for which current unemployment claims data are available or for which unemployment can be estimated more directly from information gathered from Current Population Survey figures, both city employment and unemployment figures are constructed almost totally by splitting up various county figures on the basis of various relationships drawn from the 1970 census. Although the county figures are themselves partly constructed by similar procedures in many cases, both county claims and establishment employment information, which are used in constructing rates, are available fairly quickly and for almost all counties in the nation. In short, the county rates can be judged to be "harder" than the city rates.

A slightly different prorationing technique is used to calculate city per-capita income figures. Similar procedures are used to estimate city and county income for several different sources of income, but city-level information is generally not available for payments made by a number of income transfer programs such as social security, AFDC, general assistance, and various federal and military pension programs. Information on payments under these programs, which amount to as much as 30 percent of total income in some areas, is almost universally available at the county level. Income from these programs is prorated to cities under the assumption that city transfer payments have grown at the same rate as county payments.

_/For a complete description and a lengthy critique of procedures used to estimate these rates, see Presidential Commission on Employment and Unemployment Statistics, *Counting the Labor Force* (Washington, 1979). Several studies, relying on survey results, have argued that current procedures severely underestimate urban unemployment. See, for example, "Surveying Unemployment in Cleveland," (Planning and Research Staff, Western Resource Area Manpower Consortium; November 1977) and E. Terrence Jones, *et.al.*, "Measuring Unemployment in the City of St. Louis," (University of Missouri; processed, 1975).

A third shortcoming of existing data that makes conclusions about urban conditions difficult to make is that a great deal of information required to make these conclusions is not collected at all for individual places except during the decennial census. For example, information on the numbers of households of various sizes, types, and income levels, and the numbers and relative concentration of the poverty population are only available every ten years for individual cities. Although some of this information is reported for cities in the aggregate approximately every three years in the *Characteristics of the Metropolitan and Nonmetropolitan Population* series, these figures are of relatively little help in attempting to gauge changes in indiviudal cities.

A fourth difficulty with the existing federal statistical system on cities is that it takes an extremely long time to produce those data that it does collect. Most of the series we have referred to take at least two years to produce; for several series, the lag between collection and publication is even longer. As of March 1980, complete area reports at the city level are not yet available for the Census of Manufacturing. The most recent information available on city population is three years old, the most current income data for cities is five years old. Information on city government finances and employment is just now coming out for the 1978 fiscal year. The only series for which reasonably current figures are available is residential employment and unemployment, which is available through 1979 for cities that serve as prime sponsors of the Department of Labor's CETA program. In short, the most current diagnosis in any detail we can offer of conditions in particular cities is from two to five years old; for some important particulars, our information dates from 1970.

The final, and perhaps most pessimistic, conclusion about the current state of federal statistics on cities is that conditions are unlikely to improve much anytime soon. The Census Bureau currently conducts a cooperative program with state governments to improve the quality of county population estimates; no comparable effort is underway for cities. Perhaps more importantly, planning for the 1985 mid-decade census currently calls only for the preparation of detailed population characteristics down to the individual SMSA, rather than the city, level. This decision not only means that much information of interest to students of cities will continue to be available only every ten years, but also that intercensal data will continue to be generated by benchmarks that may be quickly outdated and misleading. In similar fashion, the Department of Labor has announced only relatively limited changes to date in the manner in which unemployment data are generated, in response to the criticisms levied by the Levitan Commission._/ These decisions, among others, together with the problems outlined above, lead us to echo Senator Moynihan's complaint:

> All the numbers I have used here are official; but let me say right off that they are incomplete. We haven't anything like the data base we want. For three years I have been talking to Cabinet officers about this, asking their departments' help. (You never do anything about a problem in Washington until you learn to measure it.) I have been met with incomprehension and near total failure to respond. It is as if someone called at the Labor Department in 1934 suggesting that the Bureau of Labor Statistics begin measuring unemployment on a regular basis...only to have Madame Perkins ask, "Why on earth would anyone want to keep count of the number of persons out of work?"_/

_/See the Interim Report of the Secretary of Labor on the Recommendations of the National Commission on Employment and Unemployment Statistics (March, 1980).

_/Daniel P. Moynihan, "What Will They do for New York?" New York Times Magazine, (January 27, 1980).

Conclusions -- The Urban Research Agenda

The earlier parts of this paper examined both what available data suggest about the extent of urban "revitalization" and the limitations of existing information about trends and conditions in cities. Our conclusions on both these questions have been negative. Available evidence shows relatively few signs of incipient revival in any appreciable number of older cities, but the data are old enough and flawed enough to make any conclusions shaky at best.

In this section we suggest some ways to examine the changes allegedly now occurring in many cities. In our view, the next major round of urban conditions research should focus on the information collected in the 1980 census, which will begin to be available at the city level in late 1981 and at the subcity level in early 1982. Three lines of investigation strike us as potentially productive.

The first is frankly retrospective. The scenario outlined in the first section of this paper about the demographic shift allegedly underway in cities needs to be tested and its significance assessed for individual places. As noted earlier, aggregate changes in either the number of households or income levels do not appear to have been big enough to indicate widespread residential revival, but the picture for individual cities might be more favorable. In any case, a considerable amount of descriptive research needs to be done on shifts in household formation and migration patterns over the seventies in individual cities.

Second, researchers should examine the relative size of areas inside cities that can be deemed to have "revived" since 1970. The 1980 data provides an opportunity to disaggregate below the city level and develop taxonomies of urban territory that might be used to judge the significance of residential revival. Block group or tract data might be used to identify areas where median income and housing values have gone up and where changes have occurred in social and demographic composition. These areas might then be compared in size and population to areas that have declined by similar criteria. This type of anlaysis would allow an assessment, on a better empirical basis than has been available to date, of the size and significance of residential "revival" in individual cities.

Third, urban researchers should assess changes in the social and economic disparity between central cities and their suburbs since 1970. In an earlier article, one of us found that older metropolitan areas were likely to manifest the classic "doughnut" pattern of a poor core city surrounded by wealthy suburbs._/ A replication of this analysis with 1980 data might show some reductions in this pattern in some places; perhaps prosperous groups are no longer moving out as much and poorer groups are moving out more than in the past. Several observers have noted a recent increase in the suburbanization of minority populations in some cities, resulting in the formation of poorer suburbs. In similar fashion, 1980 data may show that more prosperous cities, which appeared well off relative to their suburbs in 1970, may have lost ground relative to their suburbs over the seventies due to a decline in annexation and an increased concentration of lower income groups.

_/Richard P. Nathan and Charles F. Adams, "Understanding Central City Hardship," Political Science Quarterly.

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